

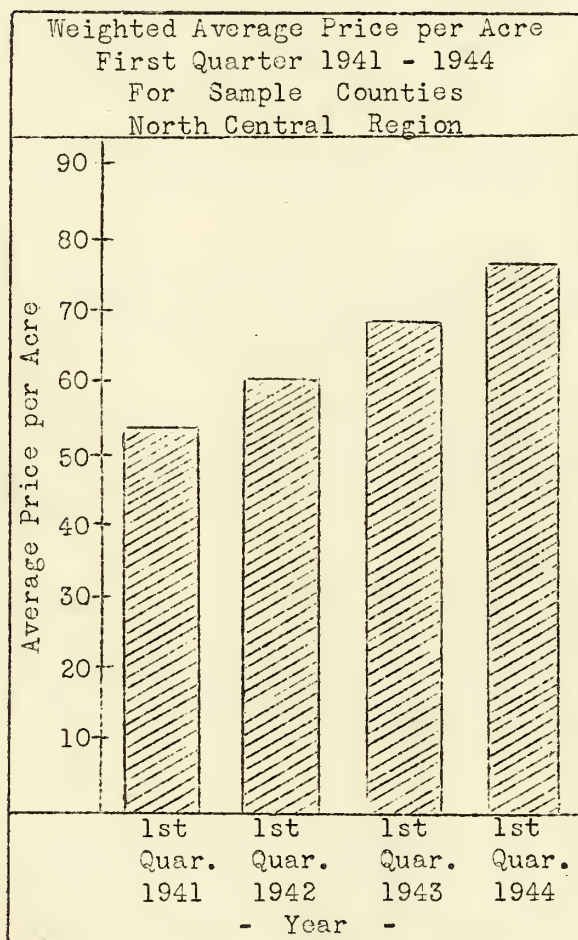
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UNITED STATES DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS

WARTIME LAND MARKET SURVEY IN THE
NORTH CENTRAL REGION

First Quarter 1944



By
Wilbur C. Scott
Agricultural Economist

Milwaukee, Wisconsin
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SUMMARY

Volume: The current quarter produced the largest volume of transfers since the beginning of the Study - 40 percent more than the first quarter of last year and 64 percent more than either the first quarter of 1941 or 1942, and 71 percent above last quarter. The corn belt fringe area showed the greatest increase over a year ago.

Purchasers: Seventy-four percent of the land transferred in the current quarter was purchased by farmers. Tenants purchased 43 percent of the tracts bought by farmers. The percent of nonfarmers buying land has decreased from both the previous quarter and from first quarter of last year.

Sellers: More tracts have been sold by individuals during the present quarter than in any previous quarter. Owner operators sold 15 percent of the land transferred this quarter.

Prices: The average for acre sale price of land transferred in this quarter is 12 percent higher than a year ago and $5\frac{1}{2}$ percent higher than last quarter. Present quarter prices are 43 percent above the same period of 1941.

Buyer's Equity: For the first time since a year ago, less than half of the purchases have been made for cash. Buyer's Equity in total purchases for the region dropped from 67 percent last quarter to 65 percent this quarter. Equity in mortgage financed purchases declined from 39 percent to 36 percent for the same period.

Mortgage Financing: Purchase money mortgages continue to be the popular method of financing the purchase of land. However, the proportion of these mortgages is smaller than the previous quarter. The percent of new mortgages made by insurance companies has doubled from last quarter of 1943. Two-fifths of the new mortgages on land purchased in the current quarter will come due in five years or less.

Resales: The volume of land resold within one year for selected sample counties has increased from 7.7 percent of the total transfers in the third quarter of 1943 to 8.8 percent in the fourth quarter of that year. The percentage increase in price upon resale dropped from 16 percent to 5 percent for the same period.

Outlook: The steady and uniform advance in land prices leaves little to expect but a continued rise for at least the next few quarters. Future purchases will likely carry heavier mortgages and less equity for the buyer.

WARTIME LAND MARKET SURVEY 1/
First Quarter, 1944 2/

Introduction

Land is one of the few remaining items which can be bought and sold without price ceilings, rationing or credit restrictions. However, many are beginning to question whether the absence of such restrictions are an advantage or a disadvantage.

We have a false sense of security in the belief that we know better than to repeat our land buying spree of 1917 to 1920. However, preliminary reports from the Washington office of the Bureau of Agricultural Economics indicate that the volume of sales during 1943 was at record levels, surpassing the previous high reached in 1919.^{3/} The shattering of this past record is not a very inspiring accomplishment. The only consolation now remaining is that we have not yet paid quite so much for the land nor mortgaged quite so heavily. How soon will we surpass these previous records?

Increases in the number of farms being sold together with a continuing rise in land prices indicates that the welfare of society in general and of agriculture in particular demands positive action now if conditions which brought about much of the rural distress during 1920 and the early 1930's are not to be repeated.

It would not be reasonable to demand or even to expect present agricultural prices to be maintained for more than a year or two after the end of the war. Just as war workers should be prepared to experience reduced incomes through the loss of overtime and shorter hours so must the farmer be prepared for a reduced income if we have lower agricultural prices after the war.

1/ Assistance in collecting and tabulating the data for this survey was provided by members of the departments of agricultural economics in Illinois, Indiana, Iowa, Missouri, Minnesota, Michigan and Ohio, and by members of the B.A.E. staff.

Two counties have been added in the cutover area of Michigan and one in the Ozark area of Missouri to make a more complete sample of the land areas of the region and to record land market activities in the low land value areas of the region.

2/ This report is the ninth in a series presenting current information on farm real estate activity in selected counties in the North Central Region. The data include only bona fide sales transfers and were obtained from deed and mortgage records in local county recorders' offices. The information on buyers and sellers was obtained primarily from mail questionnaires and was supplemented in some counties by information from local people. A list of sample counties is given in the Appendix.

3/ Current Developments in the Farm Real Estate Market - March 1944.

FIGURE - I
MAJOR LAND MARKET SURVEY AREAS
AND
SAMPLE COUNTIES

U. S. DEPARTMENT OF AGRICULTURE
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NORTH CENTRAL REGION
1944

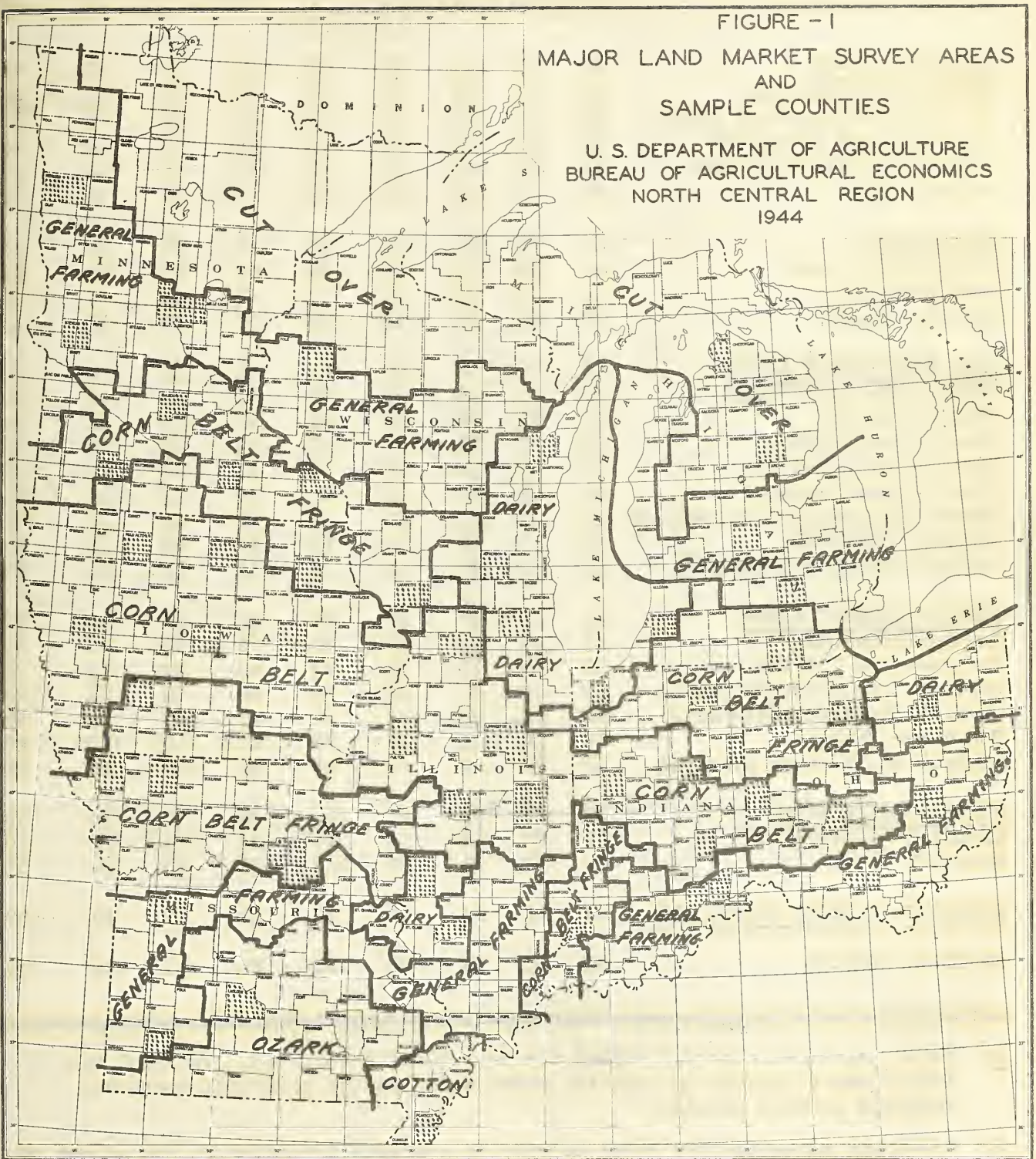


TABLE 1. Average Number of Recorded Voluntary Farm Real Estate Sales
per sample county for quarters of 1941, 1942, 1943, and 1944
in the North Central Region ^{1/}

Area ^{2/}	1941 ^{3/} Quarters		1942 Quarters		1943 Quarters				1st Quarter 1944
	1st	2nd	1st	2nd	1st	2nd	3rd	4th	
(Number)									
<u>CORN BELT AREAS</u>	50	22	43	20	54	39	22	22	70
Central Indiana-Ohio	44	27	39	31	66	50	39	50	62
Illinois-Indiana Cash Grain	30	20	41	17	48	27	18	15	45
Illinois-Iowa Livestock	56	30	47	23	53	30	13	20	74
Central and Northern Iowa	66	19	45	16	49	40	18	15	80
Western Iowa	34	9	40	14	62	50	23	13	86
<u>DAIRY AREAS</u>	39	43	40	32	45	59	48	57	68
Northeastern Ohio	43	59	50	58	54	69	57	53	89
Lake Michigan	43	36	42	24	46	60	48	64	68
East St. Louis	19	46	22	26	31	45	38	39	43
<u>CORN BELT FRINGE AREAS</u>	46	24	48	20	54	46	32	40	87
Toledo General Farming	46	21	46	21	63	70	39	49	90
Kankakee River	41	29	29	26	36	26	20	22	34
Lower Wabash River	28	17	29	25	50	44	40	60	69
Missouri Putnam Soils	58	27	58	30	60	42	32	61	98
Iowa-Missouri Pasture	81	26	66	21	86	48	32	38	99
Maryville-Greenfield Livestock	62	42	95	16	97	69	44	42	156
Southern Minnesota	23	20	24	16	18	27	25	29	69
LaCrosse-Dubuque Livestock	37	18	40	15	41	35	24	33	75
<u>GENERAL FARMING AREAS</u>	41	38	48	37	50	65	55	64	77
Southeastern Ohio	46	24	33	29	40	75	62	43	50
Southeastern Indiana	60	44	34	31	45	49	54	75	74
Southwestern Missouri Plains	69	45	47	36	90	88	72	83	123
Central Minnesota-Wisconsin	37	46	66	46	54	73	65	79	95
Red River Valley	19	14	22	14	20	27	14	37	26
Central and Western Michigan	45	50	52	49	52	62	55	65	82
<u>CUTOVER OZARK AREA</u>	59	69	59	61	108	68	70	74	78
Michigan Cutover	21	27	21	24	17	35	37	36	30
Missouri Ozark	71	82	71	73	137	78	80	86	93
<u>MISSOURI-ILLINOIS COTTON AREA</u>	58	31	34	15	15	19	17	52	30
REGIONAL AVERAGE	46	32	46	28	55	51	34	45	77

^{1/} Deeds dated and recorded within the same quarter for 1942. The 1943 and 1944 numbers include in addition deeds dated in the preceding month but recorded in each quarter.

^{2/} Areas and sub-areas are given weights in averages according to the amount of land in farms. Regional and area figures will be changed somewhat from previous reports due to the addition of new areas.

^{3/} Based on 33 sample counties. The number of transfers for areas in which 1941 data were not available was calculated on the basis of the 1941-1942 ratio in areas for which data were available. This ratio was applied to the 1942 figures in those areas for which 1941 data were not available.

VOLUME

The first quarter generally proves in most areas to be the quarter having the greatest number of transfers each year. The current quarter has gotten off to a healthy start. It has given the region its largest volume of farm land transfers for any quarter since the beginning of this project, January 1, 1941.

The volume of sales for the first quarter of this year is 40 percent greater than the first quarter of 1943 and 67 percent greater than the first quarter of 1941 or 1942 (Table I). In only two areas has the present volume of transfers been exceeded in the first quarter of previous years. These are the cotton area in which the volume of transfers in the first quarter of 1941 and 1942 exceed the current figures and the cutover-Ozark area which had a larger number of transfers in the first quarter of last year.

The area showing the greatest increase in activity over a year ago is the corn belt fringe area. Here the volume of transfers for the current quarter is 61 percent higher than a year ago. A heavy contributor to this increase was Nodaway County, Missouri, located in the Maryville-Greenfield livestock area. This county produced the largest number of transfers yet reported for any of the sample counties. A total of 203 bona fide transfers were reported which conveyed approximately 22,247 acres - slightly over 4 percent of that county's total land in farms.

It is interesting to notice that the greatest increases in activity between most of the first quarters does not occur in the extremely good land areas or the poor land areas but rather in those areas possessing primarily farm land of average quality.

PURCHASERS

Seventy-four percent of the land transferred in the current quarter has been purchased by farmers (Table 2). This is the highest proportion of farmer purchases yet attained and represents a 2 percent increase over last quarter and a 7 percent increase over the same quarter a year ago (Table 3).

TABLE 3. Proportion of Tracts of farm land Purchased by occupation and intent of Purchaser

YEAR	FARMERS		NON-FARMERS	
	To Operate	To Lease to Others	To Operate	To Lease to Others
1943	Percent			
1st quarter	60	7	8	25
2nd quarter	54	7	10	29
3rd quarter	48	7	11	34
4th quarter	62	10	10	18
1944				
1st quarter	66	8	11	15

TABLE 2. Farmers and nonfarmers buying farms and their intentions to operate or lease to others, first quarter 1944, North Central Region

Area	Total transfers classified (Number)	Farmers		Nonfarmers	
		To	To lease	To	To lease
		operate	to others	operate	to others
		Percent			
<u>CORN BELT AREAS</u>	653	62	12	5	21
Central Indiana-Ohio	211	66	5	7	22
Illinois-Indiana Cash Grain	84	55	19	1	25
Illinois-Iowa Livestock	95	57	12	6	25
Central and Northern Iowa	134	63	11	4	22
Western Iowa	129	67	9	6	18
<u>DAIRY AREAS</u>	250	64	5	18	13
Northeastern Ohio	18	61	0	17	22
Lake Michigan	182	63	5	21	11
East St. Louis	50	72	12	6	10
<u>CORN BELT FRINGE AREAS</u>	780	72	7	6	15
Toledo General Farming	170	62	8	11	19
Kankakee River	49	67	8	6	19
Lower Wabash River	70	73	7	10	10
Missouri Putnam Soils	113	72	7	5	16
Iowa-Missouri Pasture	100	80	5	8	7
Maryville-Greenfield Livestock	119	70	7	1	22
Southern Minnesota	61	79	8	3	10
LaCrosse-Dubuque Livestock	98	73	5	3	19
<u>GENERAL FARMING AREAS</u>	361	68	6	13	13
Southeastern Ohio	58	53	9	21	17
Southeastern Indiana	87	57	8	20	15
Southwestern Missouri Plains	77	73	0	12	15
Central Minnesota-Wisconsin	91	32	2	9	7
Red River Valley	13	62	15	8	15
Central and Western Michigan	35	57	6	17	20
<u>CUTOVER OZARK AREA</u>	10	50	0	50	0
Michigan Cutover	8	50	0	50	0
Missouri Ozark	2	50	0	50	0
<u>MISSOURI-ILLINOIS COTTON AREA</u>	20	40	20	5	35
REGIONAL TOTAL	2074	66	8	11	15

Tenants bought 43 percent of the total number of tracts purchased by farmers.

The greatest proportion of non-farmer purchases were made in the dairy area. This is undoubtedly due to the proximity of such land to large urban centers. The heaviest proportion of farmer purchases occurred in the corn belt fringe area where about 4/5 of the purchases were made by farmers.

Except in the case of tenants, purchases by farmers were made primarily for the purpose of enlarging the existing farm unit. A few cases have been reported of owner operators desiring to expand selling their present farm and buying a new and larger farm.

The proportion of non-farmers planning to operate their newly purchased farms has increased substantially over a year ago.

SELLERS

More tracts have been sold by individuals during the present quarter than in any previous quarter. Seventy-six percent of the tracts transferred were sold by individuals (Table 4). Last quarter 70 percent of the sales were by individuals and 68 percent in the first quarter of last year.

The proportion of sales by estates has changed but little up to the present quarter. These sales this quarter are about 5 percent below last quarter. Sales by local governments and corporations have steadily declined from 16 percent of total sales a year ago to 13 percent of the current quarter's sales. Sales by corporations were very spotty throughout the region, ranging from 38 percent of the sales in the Red River valley area to none in northeastern Ohio.

Owner operators sold heaviest in the Kankakee River area. This was true with the exception of the cotton area a year ago.

Fifty-seven percent of the owner operators who sold land in the current quarter plan to continue farming (Table 5). This is a slight increase over the 54 percent who expressed such intentions last quarter.

TABLE 5. Intention of Owner-operators who recently sold land, sample counties, first quarter, 1944. North Central Region

Area	Intent of owner-operators after selling land			
	Continue to farm	Work in other civilian occupations	In Armed Forces	Retire
	Percent			
Corn Belt Areas	62	9	1	28
Dairy Areas	44	7	0	49
Corn Belt Fringe Areas	57	7	2	34
General Farming Areas	57	10	1	32
Cutover Ozark Area ^{1/}				
Cotton Area	50	30	10	10
REGION	57	9	1	33

^{1/} Omitted as only 3 cases were available.

TABLE 4. Types of owners selling farms, first quarter, 1944
North Central Region

	Total transfers classified (Number)	Type of Seller				
		Owner- operator	Land- lord	Unclas- sified individ- uals	Estates	Corpor- ations and Gov't.
		Percent				
<u>CORN BELT AREAS</u>	1158	16	25	30	16	13
Central Indiana-Ohio	310	29	39	16	12	4
Illinois-Indiana Cash Grain	135	17	33	19	27	4
Illinois-Iowa Livestock	221	12	19	47	18	4
Central and Northern Iowa	321	9	15	39	12	25
Western Iowa	171	18	26	15	16	25
<u>DAIRY AREAS</u>	602	20	19	46	11	4
Northeastern Ohio	178	6	3	80	11	0
Lake Michigan	339	26	23	37	10	4
East St. Louis	85	18	27	31	15	9
<u>CORN BELT FRINGE AREAS</u>	1590	16	22	36	12	14
Toledo General Farming	361	16	21	45	14	4
Kankakee River	67	34	20	25	15	6
Lower Wabash River	137	19	23	35	14	9
Missouri Putnam Soils	196	15	25	26	14	20
Iowa-Missouri Pasture	197	12	23	31	7	27
Maryville-Greenfield Livestock	311	7	18	42	11	22
Southern Minnesota	138	20	19	41	12	8
LaCrosse-Dubuque Livestock	183	10	27	32	11	20
<u>GENERAL FARMING AREAS</u>	850	14	23	41	7	15
Southeastern Ohio	99	23	31	36	8	2
Southeastern Indiana	147	30	27	32	9	2
Southwestern Missouri Plains	246	10	18	55	10	7
Central Minnesota-Wisconsin	143	18	32	23	8	19
Red River Valley	52	4	13	39	6	38
Central and Western Michigan	163	8	13	71	4	4
<u>CUTOVER OZARK AREA</u>	153	1	5	83	3	8
Michigan Cutover	60	5	7	75	6	7
Missouri Ozark	93	0	4	85	2	9
<u>MISSOURI-ILLINOIS COTTON AREA</u>	30	33	30	27	3	7
REGIONAL TOTAL	4383	15	22	39	11	13

v

The greatest change in these intentions occurred in the corn belt area. The percent of owner operator sellers who intend to continue farming dropped from 78 percent last quarter to 62 percent for the current quarter. This decrease was accompanied by an increase in the percentage planning to retire. These actions are probably explained by the 5 percent increase from last quarter in sales by owner operators in this area. A compensating increase of more than 10 percent over last quarter in the number planning to continue farming for both the corn belt fringe and general farming areas maintained the regional figure.

A few of those owner operators selling land who plan to continue farming have used present high land prices to reduce the size of their farm and also to reduce the existing debt on the land.

Not all sales by those planning to continue farming were restricted to a part of the original farm unit. A number have sold their entire farm and plan to purchase a larger or smaller unit. Primarily purchases by this group, however, will be of smaller units for partial retirement from farming.

PRICES

Land prices in the north central region continue to rise. Average regional first quarter land prices have risen 43 percent since 1941. This rise, however, has been extremely uniform (see cover). The average per acre sale price of land sold in the current quarter is 12 percent higher than a year ago (Table 6). The increase in price from '41 to '42 and '42 to '43 was 13 percent in both cases. Current quarter prices are $5\frac{1}{2}\%$ higher than last quarter.

None of the major type of farming areas have experienced a decline in average first quarter land prices since 1941.

The greatest increase since the first quarter of 1941 has been in the cotton area where the average price for the present quarter is 63 percent above the first quarter of 1941. Another area experiencing a sharp increase is the corn belt fringe area. Here the present average price is 56 percent above the same quarter of 1941.

The greatest increase since the first quarter of last year occurred in the general farming area. Price changes in the sub areas ranged from an increase of 59 percent over the first quarter of 1943 in the Iowa-Missouri pasture area to a decrease of 11 percent in the Kankakee River area for the same period.

With the exception of the cutover Ozark area the greatest price increases over the first quarter of 1943 have occurred in the lower land value areas.

TABLE 6. Average per acre price of farm real estate changing ownership in sample counties, by areas, first quarter 1941, 1942, 1943, and 1944, in the North Central Region 1/

Area	No. of sample counties for 1943 (Number)	1st Quar. 1941 ^{2/} Dollars	1st Quar. 1942 Dollars	1st Quar. 1943 Dollars	1st Quar. 1944 Dollars	Pct. change 1st quarter '44 over 1st quarter '43 (Percent)
<u>CORN BELT AREAS</u>	17	86	97	112	121	+ 8
Central Indiana-Ohio	5	82	88	98	114	+16
Illinois-Indiana Cash Grain	3	126	138	144	157	+ 9
Illinois-Iowa Livestock	3	82	91	106	114	+ 8
Central and Northern Iowa	4	76	93	118	120	+ 2
Western Iowa	2	62	64	79	89	+13
<u>DAIRY AREAS</u>	9	71	71	83	95	+14
Northeastern Ohio	2	61	81	80	95	+19
Lake Michigan	5	80	72	92	99	+ 8
East St. Louis	2	53	54	57	79	+39
<u>CORN BELT FRINGE AREAS</u>	20	45	53	61	70	+15
Toledo General Farming	4	61	81	92	96	+ 4
Kankakee River	2	54	54	70	62	-11
Lower Wabash River	2	37	42	49	66	+35
Missouri Putnam Soils	2	24	22	30	30	0
Iowa-Missouri Pasture	2	27	32	32	51	+59
Maryville-Greenfield Livestock	2	49	52	55	65	+18
Southern Minnesota	3	50	58	75	87	+16
LaCrosse-Dubuque Livestock	3	43	50	52	65	+25
<u>GENERAL FARMING AREAS</u>	12	29	33	33	39	+18
Southeastern Ohio	2	25	31	29	36	+24
Southeastern Indiana	2	31	23	33	30	-9
Southwestern Missouri Plains	2	24	24	30	35	+17
Central Minnesota-Wisconsin	2	21	21	24	33	+38
Red River Valley	2	25	26	26	32	+23
Central and Western Michigan	2	53	56	58	62	+ 7
<u>CUTOVER OZARK AREA</u>	3	14	16	18	18	0
Cutover	2	20	23	18	20	+11
Ozark	1	12	14	18	17	-6
<u>MISSOURI-ILLINOIS COTTON AREA</u>	1	63	84	94	103	+10
REGIONAL TOTAL	62	53	60	68	76	+12

1/ Prices are from recorded farm real estate transfers in sample counties and are the averages for the transfers for which adequate information concerning price and acreage was available. Only bona fide sales were included. 1941 and 1942 prices represent transfers dated and recorded within the year, whereas 1943 and 1944 prices generally represent only those transfers for which buyer or seller reported the date of the agreement for sale to be within the quarter or the preceding month. The names of sample counties are given in the Appendix.

2/ Based on 33 sample counties. Land prices in areas for which 1941 data were not available were calculated on the basis of the 1941-1942 ratio in areas for which data were available. This ratio was applied to the 1942 figures in those areas for which 1941 data were not available.

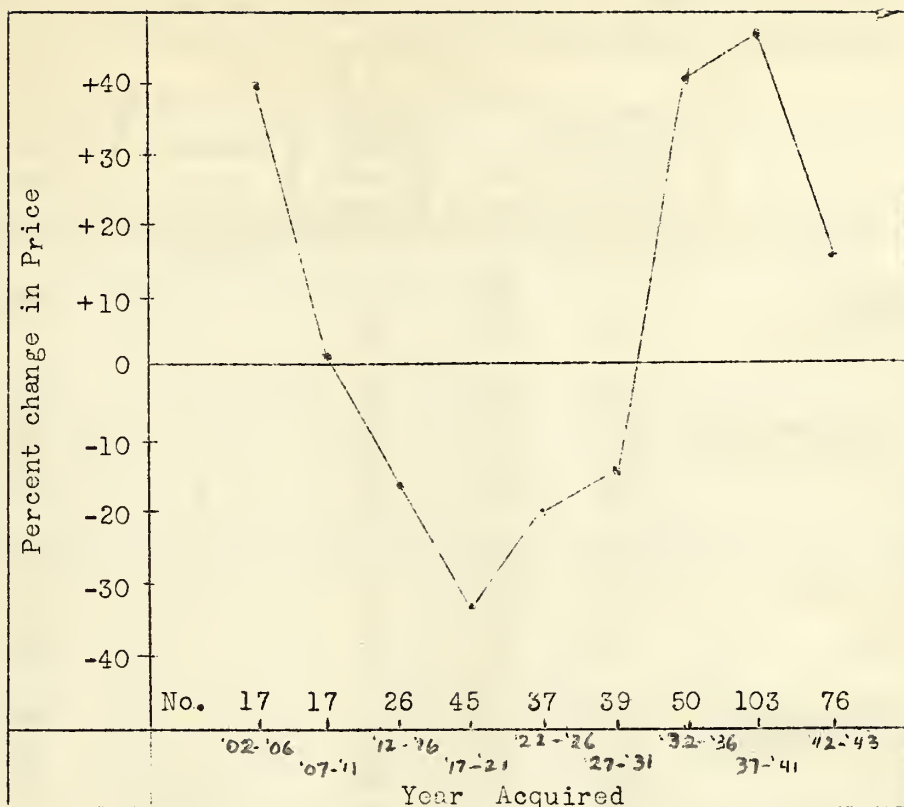


FIGURE 2. The percentage change in price of land sold during the first quarter of 1944 from the price at which the land was acquired. ^{1/}

Figure 2 indicates the relationship of present land prices to past prices and shows that land acquired in the period 1917 to 1921 was purchased at an average price approximately 33 percent higher than the price at which it was resold in the current quarter (Fig. 2).

There is only a difference of 15 percent between present quarter prices and the average price paid for this land during 1927 to 1931.

BUYER'S EQUITY

The region has just experienced a short lived period of only two quarters during which more than half of the land purchases were made for cash. Only 47 percent of the land purchased in the current quarter was paid for in cash (Table 7), as compared to 52 percent in the third and fourth quarters of last year and 50 percent in the second quarter of last year. The current figure, however, is 7 percent above a year ago.

The greatest decrease in the percent of cash sales from last quarter occurred in the corn belt fringe area. There were 12 percent fewer cash sales in this

^{1/} Based on data from questionnaires returned by individuals selling land.

TABLE 7. Proportion of cash purchases, cash and mortgage purchases, and purchases by contract and equity of buyers in purchased properties, North Central Region, first quarter, 1944

Area	Total transfers classified (Number)	Method of financing			Buyer's equity	
		Cash sales	Cash and Mortgage	Purchase contracts	In mortgaged properties 1/	In all properties deeded
				Percent		
<u>CORN BELT AREAS</u>	1157	38	61	1	46	63
Central Indiana-Ohio	309	36	63	1	47	64
Illinois-Indiana						
Cash Grain	135	52	48	0	56	77
Illinois-Iowa Livestock	221	41	59	0	48	66
Central & Northern Iowa	321	35	64	1	41	57
Western Iowa	171	29	70	1	41	53
<u>DAIRY AREAS</u>	602	52	48	0	41	65
Northeastern Ohio	178	52	48	0	41	69
Lake Michigan	339	45	55	0	41	60
East St. Louis	85	75	25	0	43	79
<u>CORN BELT FRINGE AREAS</u>	1590	43	56	1	42	63
Toledo General Farming	361	48	52	0	47	69
Kankakee River	67	30	70	0	49	60
Lower Wabash River	137	47	53	0	47	63
Missouri Putnam Soils	196	43	57	0	35	58
Iowa-Missouri Pasture	197	35	64	1	40	60
Maryville-Greenfield						
Livestock	311	65	31	4	38	72
Southern Minnesota	138	38	61	1	43	63
LaCrosse-Dubuque Livestock	183	39	61	0	36	54
<u>GENERAL FARMING AREAS</u>	822	56	44	0	35	67
Southeastern Ohio	98	67	33	0	31	71
Southeastern Indiana	147	48	51	1	46	68
Southwestern Missouri						
Plains	246	50	50	0	39	63
Central Minn.-Wisconsin	143	47	52	1	31	57
Red River Valley	25	68	32	0	37	87
Central & Western Mich.	163	57	43	0	39	67
<u>CUTOVER OZARK AREA</u>	153	72	27	1	41	75
Michigan Cutover	60	83	15	2	52	88
Missouri Ozark	93	69	31	0	36	71
<u>MISSOURI-ILLINOIS COTTON AREA</u>	30	27	73	0	66	71
REGIONAL TOTAL	4354	47	52	1	42	65

1/ Includes purchase contracts.

area during the current quarter than during the last quarter of 1943. The corn belt area was a close second with a 10 percent decline in the number of cash sales.

The dairy area and the general farming area experienced a 2 percent and a 1 percent increase respectively in the number of cash sales over last quarter.

The increase in percent of mortgage financed sales has been accompanied by a 2 percent drop from last quarter in the equity of all land purchased. Heavier mortgaging of financed purchases is indicated by a 3 percent decline in the equity of such purchases for the same period.

TABLE 8. Per acre indebtedness of total purchases and mortgage financed purchases in the primary types of farming areas, by quarter 1943 - 1944. North Central Region

Year	Corn Belt Areas		Dairy Areas		Corn Belt Fringe Areas		General Farming Areas	
	All Pur.	Mtg. Fin.	All Pur.	Mtg. Fin.	All Pur.	Mtg. Fin.	All Pur.	Mtg. Fin.
Dollars								
1943								
1st Quar.	41	60	28	50	22	32	12	20
2nd Quar.	42	59	27	53	19	34	11	20
3rd Quar.	33	56	28	55	20	37	9	20
4th Quar.	36	60	26	53	20	37	11	21
1944								
1st Quar.	43	62	31	56	23	38	13	25

Table 8 reveals that the mortgage debt per acre for all purchases as well as mortgage financed purchases made in the primary types of farming areas of the region is higher than for any previous period.

MORTGAGE FINANCING

Purchase money mortgages continue to be the popular method of financing the purchase of land. Only 32 percent of the mortgage financed purchases this quarter were financed by the seller (Table 9) as compared to 41 percent in the previous quarter.

Twenty-six percent of the other new mortgages were made by commercial banks. This does not represent any change from the previous quarter.

The percent of new mortgages made by insurance companies has doubled since the previous quarter. The percentage of new mortgages made by individuals increased from 16 percent last quarter to 19 percent in the current quarter.

TABLE 9. Relative extent of use of purchase money mortgages and sources of other new mortgage credit, first quarter 1944
North Central Region ^{1/}

Area	Purchase money mortgages	Other new mortgages by				
	2/	Individ- uals	FLB, LBC & FSA	Insur- ance Co.	Com- mercial banks	Other
Percentages						
<u>CORN BELT AREAS</u>	26	11	10	24	25	4
Central Indiana-Ohio	16	12	3	14	41	14
Illinois-Indiana Cash Grain	10	19	18	43	8	2
Illinois-Iowa Livestock	19	10	15	17	38	1
Central & Northern Iowa	39	8	9	23	20	1
Western Iowa	38	9	7	25	20	1
<u>DAIRY AREAS</u>	33	23	10	2	27	5
Northeastern Ohio	27	17	14	0	37	5
Lake Michigan	36	30	3	4	23	4
East St. Louis	30	6	29	0	29	6
<u>CORN BELT FRINGE AREAS</u>	38	20	6	8	24	4
Toledo General Farming	26	10	4	6	52	2
Kankakee River	30	19	2	19	19	11
Lower Wabash River	39	12	5	4	35	5
Missouri-Putnam Soils	46	21	7	0	22	4
Iowa-Missouri Pasture	49	14	11	3	16	7
Maryville-Greenfield Livestock	44	16	8	10	21	1
Southern Minnesota	46	25	2	11	16	0
LaCrosse-Dubuque Livestock	26	36	12	10	12	4
<u>GENERAL FARMING AREAS</u>	36	23	5	0	25	11
Southeastern Ohio	30	19	0	0	7	44
Southeastern Indiana	25	23	2	0	41	9
Southwestern Missouri Plains	27	20	11	0	33	9
Central Minn.-Wisconsin	41	22	0	0	35	2
Red River Valley	43	14	14	0	15	14
Central & Western Michigan	32	37	6	0	25	0
<u>CUTOVER OZARK AREA</u>	22	28	0	0	40	10
Michigan Cutover	13	25	0	0	62	0
Missouri Ozark	25	29	0	0	33	13
<u>MISSOURI-ILLINOIS COTTON AREA</u>	50	0	40	10	0	0
REGIONAL TOTAL	32	19	7	10	26	6

^{1/} Percentages of total number of new mortgages on tracts conveyed.

^{2/} Includes contracts.

Although mortgage indebtedness is the most critical factor in a land boom, its influence may be maximized or minimized according to the terms and conditions of the mortgage contract.

Five percent is the most common rate of interest on new mortgages made this quarter (Table 10). The 4 percent rate was most common in mortgages made by insurance companies and the Federal Land Banks. ^{1/}

TABLE 10. Proportion of new farm land mortgages made at various interest rates, by type of lender, 13 sample counties, first quarter, 1944, North Central Region

Type of Lender	Total Cases (Number)	Percent of total loans of each type of lender by interest rates								
		2%	3%	3½%	4%	4½%	5%	6%	7%	8%
Individuals	155	0	4	3	31	8	40	9	5	0
Commercial banks	169	0	0	0	22	7	48	22	1	0
Insurance Companies	31	0	0	3	68	19	3	0	7	0
FLB and LBC	71	0	0	0	52	3	45	0	0	0
Others	14	0	14	0	29	14	22	14	7	0
TOTAL	440	0	2	1	33	8	41	12	3	0
Interest rate not given	149									
GRAND TOTAL	589									

Two-fifths of the new mortgages on land purchased in the current quarter will come due in 5 years or less (Table 11). Seventy-two percent bear a maturity date of 1954 or sooner. These figures are slightly lower than for mortgages made in the last quarter.

^{1/} Sample counties used in the study of mortgage terms are Knox, Porter and Adams, Indiana; Medina, Seneca and Wayne, Ohio; Fayette, Clarke, and Palo Alto, Iowa; Gratiot and Lenawee, Michigan; Cottonwood, Minnesota, and Knox, Illinois.

TABLE 11. Proportion of new farm mortgages made for various lengths of time, by type of lender, 13 sample counties, first quarter 1944, North Central Region

Type of Lender	Total cases	Length of Mortgage					
		1 year or Less	2, 3 or 4 Years	5 Years	6, 7, 8 or 9 Years	10 Years	Over 10 Years
	(Number)	Percent					
Individuals	125	14	9	37	4	28	8
Commercial banks	157	7	6	47	15	22	3
Insurance companies	67	0	0	1	9	27	63
FLB and LBC	71	0	0	0	1	10	89
Other	11	0	18	9	18	46	9
TOTAL	431	7	5	28	9	23	28
Length of mortgage not given	158						
GRAND TOTAL	589						

Almost 4/5 of the new mortgages carry some type of whole or partial amortized repayments (Table 12). This is encouraging in that at least some of the indebtedness will be repaid during this period of high agricultural income.

The percent of mortgages made this quarter carrying no plan of amortized payment is somewhat lower than last quarter.

TABLE 12. Arrangements for repayment of principal included in new farm mortgages, by type of lender, 13 sample counties, first quarter 1944, North Central Region

Type of Lender	Total Cases	Percent of total mortgages		
		Fully Amortized	Partially Amortized	Not Amortized
	(Number)	Percent		
Individuals	119	27	41	32
Commercial banks	152	33	37	30
Insurance companies	58	33	62	5
FLB and LBC	71	100	0	0
Other	10	50	40	10
TOTAL	410	43	36	21
Method of repayment not given	179			
GRAND TOTAL	589			

RESALES

A record of the number of tracts resold within a year from their date of purchase indicates that as yet such quick turnovers are not too significant. Such resales comprised only 8.8 percent of the total sales for the fourth quarter of last year in sample counties (Fig. 3).^{1/} This figure, however, represents a rise from 7.7 percent of total sales in the previous quarter. It would seem inevitable that with the large and increasing volume of transfers that resales will play an increasing part in the land market.

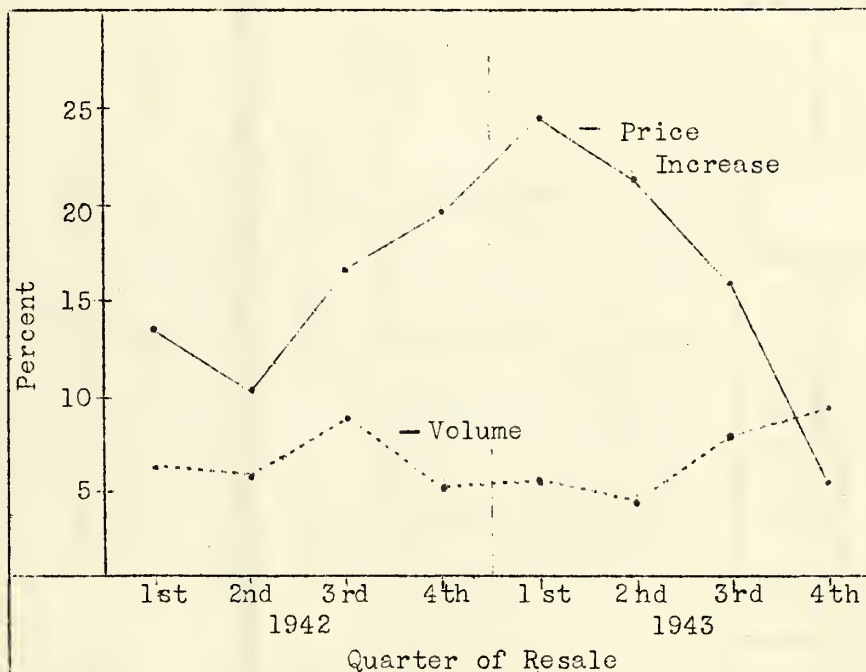


FIGURE 3. Percent of total quarterly sales resold within a year, and the average percent increase in price, by quarter of resale. ^{2/}

^{1/} See Table 13 for counties used in the study of resales.

^{2/} Legal descriptions were compared for all farm land transfers in the sample counties to determine which tracts had changed hands more than once during the two and one-half years.

Purchase and sales prices were used in determining the change in price or gross profit of the seller. It should be recognized that sales costs have not been taken into account in computing profit.

TABLE 13. Number and percentage of fourth quarter 1943 sales purchased since December 31, 1940, and the percentage change in price by intervals. 1/

State and County	Number of transfers	No. of resales by months between purchase and Resale				Ratio of Resales to all Sales	Sales of properties held more than 24 Mo.	All sales properties purchased after December 31, 1940		
		Over 6, not over 12		Over 12, not over 18					TOTAL	
		Not over 6	over 12	over 18	over 24					
Knox, Ill.	21	0	1	1	2	19.0%	4	0	4	19.0%
McHenry, Ill.	45	1	0	0	1	4.4	2	2	4	8.9
Cedar, Iowa	16	0	1	0	0	7.2	1	0	1	7.2
Putnam, Ohio	40	3	2	0	0	12.5	5	0	5	12.5
Cottonwood, Minn.	25	0	0	0	0	-	0	0	0	-
Steele, Minn.	26	0	0	0	0	-	0	0	0	-
Nodaway, Mo.	58	8	0	1	2	19.0	11	2	13	22.4
Harrison, Mo.	53	2	2	3	3	19.0	10	1	11	20.7
Crawford, Iowa	14	0	0	0	0	-	0	0	0	-
Pemiscot, Mo.	52	3	8	2	3	30.8	16	1	17	32.7
TOTAL	350	17	14	7	11	14.0	49	6	55	17.7
Percentage change in price		+3.2%	+6.7%	+19.5%	+38.3%	+11.2%		-9.3%	+9.5%	
THIRD QUARTER 1943 2/										
TOTAL	441	23	11	3	10	10.6	47	10	57	12.9
Percentage change in price		+5.7%	+38.1%	-9%	+9.5%	+12%		+41.2%	+22.6%	

1/ It will be noted that the table is based on fourth quarter transfers.

2/ Data from 15 sample counties.

The percent increase in the price of land resold within one year dropped to 5 percent continuing a decline which started with the second quarter of 1943 (Fig. 3).

Land sold in the current quarter averaged 13 years in possession of the seller as compared to 12 years for land sold last quarter. 1/

Most of the land acquired since December 31, 1940, which was resold in the third and fourth quarters of last year was only held for a year or less (Table 13).

OUTLOOK

The steady and uniform advance in land prices leaves little to expect but a continued rise for at least the next few quarters. It is doubtful if any change except possible legislation would be severe enough to halt the upward trend of land prices. Any reduction in industrial production which may indicate imminent unemployment might even give added impetus the bidding by workers for the "meal ticket" which land ownership is thought to represent.

The mortgage picture is none too encouraging. Not only has the percent of mortgage financed purchases increased but also the buyer's equity in recently purchased land has declined. This represents a complete reversal of the progress that has been made up to this time. There is good reason to believe that future purchases made at higher prices will carry heavier mortgages and less equity for the buyer.

1/ Based on data from questionnaires returned by individuals selling land.



APPENDIX

Major Land Value Areas and Sample Counties

Corn Belt Areas

Central Indiana-Ohio
Grant Co., Ind.
Rush Co., Ind.
Tippecanoe Co., Ind.
Darke Co., Ohio
Madison Co., Ohio

Illinois-Indiana Cash Grain
Logan Co., Ill.
Champaign Co., Ill.
Livingston Co., Ill.

Illinois-Iowa Livestock
Knox Co., Ill.
Ogle Co., Ill.
Cedar Co., Iowa

Central & Northern Iowa
Benton Co., Iowa
Cerro Gordo Co., Iowa
Palo Alto Co., Iowa
Story Co., Iowa

Western Iowa
Crawford Co., Iowa
Montgomery Co., Iowa

Dairy Areas

Northeastern Ohio
Medina Co., Ohio
Wayne Co., Ohio

Lake Michigan
Brown Co., Wis.
Jefferson Co., Wis.
McHenry Co., Ill.
Porter Co., Ind.
Van Buren Co., Mich.

East St. Louis
Clinton Co., Ill.
Macoupin Co., Ill.

Corn Belt Fringe

Toledo Gen. Farming
Adams Co., Ind.
Putnam Co., Ohio
Seneca Co., Ohio
Lenawee Co., Mich.

Kankakee River
Newton Co., Ind.
Noble Co., Ind.

Lower Wabash
Parke Co., Ind.
Knox Co., Ind.

Missouri-Putnam
Audrain Co., Mo.
Monroe Co., Mo.

Iowa-Missouri Pasture
Clarke Co., Iowa
Harrison Co., Mo.

Maryville-Greenfield
Nodaway Co., Mo.
Adair Co., Iowa

Southern Minnesota
Cottonwood Co., Minn.
McLeod Co., Minn.
Steele Co., Minn.

LaCrosse Dubuque
Fayette Co., Iowa
Lafayette Co., Wis.
*Winona Co., Minn.

General Farming Areas

Southeastern Ohio
Muskingum Co., Ohio
Pike Co., Ohio

Southeastern Indiana
Jennings Co., Ind.
Ripley Co., Ind.

Southwestern Mo. Plains
Johnson Co., Mo.
Lawrence Co., Mo.

Central Minn.-Wisconsin
Barron Co., Wis.
*Morrison Co., Minn.

Red River Valley
Stevens Co., Minn.
Norman Co., Minn.

Central & Western Mich.
Livingston Co., Mich.
Gratiot Co., Mich.

Cutover Ozark Areas

Mich. Cutover (Lower Peninsula)
Emmet Co., Mich.
Ogemaw Co., Mich.

Missouri Ozark
Laclede Co., Mo.

Cotton Area

Pemiscot Co., Mo.

*Omitted this quarter

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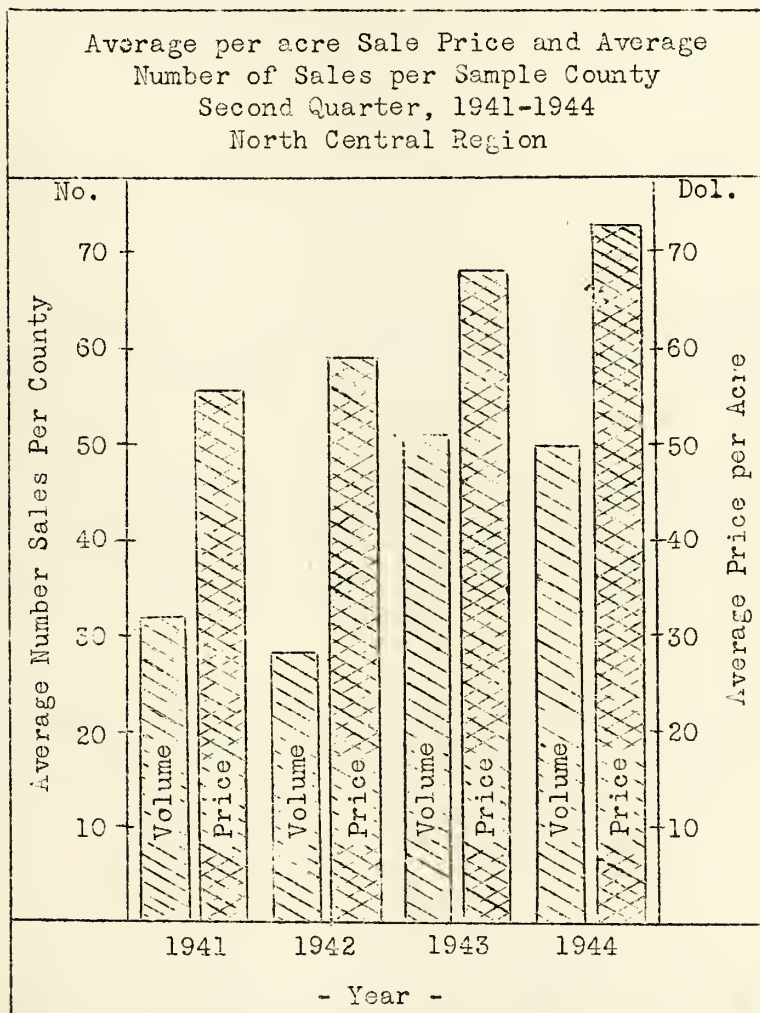
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WARTIME LAND MARKET SURVEY IN THE
NORTH CENTRAL REGION

Second Quarter, 1944



By
Wilbur C. Scott,
Agricultural Economist

Milwaukee, Wisconsin
August 1944



SUMMARY

Volume: The present quarter marks the first time since the start of the survey that there has been a drop in the number of transfers from the preceeding years. The volume of transfers for the current quarter is 4 percent below the corresponding quarter of last year. However, it is still 63 percent above the second quarter of 1942. There were 16 percent more transfers in the first half of 1944 than in the first half of 1943.

Purchases: Farmers purchased 68 percent of the land sold in the current quarter as compared to 61 percent a year ago and 74 percent last quarter. Tenants purchased 65 percent of the tracts purchased by farmers. Last quarter 43 percent of the farmer purchases were by tenants.

Sellers: Individuals sold 71 percent of the tracts transferred in the current quarter. This compares with 76 percent last quarter and 67 percent a year ago. The current quarter has a lower proportion of owner operators selling land than any previous quarter.

Prices: The average selling price of land for the current quarter is 7 percent above a year ago and 35 percent above the second quarter of 1941. The average per acre price for the first half of 1944 in this region is 10 percent above the first half of last year and $41\frac{1}{2}$ percent above the first half of 1941.

Buyer's Equity: Fifty-four percent of the tracts purchased in the current quarter were paid for in cash. This is the highest proportion of cash sales yet attained and is in sharp contrast to the 35 percent reported for the second quarter of 1942. Buyer's equity in mortgage financed purchases has dropped from 42 percent last quarter to 40 percent for the current quarter.

Mortgage Financing: Sellers financed 54 percent of the mortgage financed purchases in the current quarter as compared to 32 percent last quarter and 37 percent a year ago. Commercial banks were the most popular source of credit for other new mortgages. Most new mortgages carry a five percent interest rate. Forty-six percent of the new mortgages will mature within five years or less and only 21 percent do not provide any plan of amortization.

Resales: Tracts resold within one year accounted for 5.7 percent of the number of transfers in the first quarter of this year. There was an average of 15 percent profit on these sales.

Outlook: It is probable that the crest of net farm income has been reached. A leveling off of agricultural prices has occurred while production costs continue to increase. It appears that somewhat lower returns may be expected from capital invested in agriculture and a possible slowing down of the rate at which land prices have been increasing.

WARTIME LAND MARKET SURVEY 1/

Second Quarter, 1944 2/

Introduction

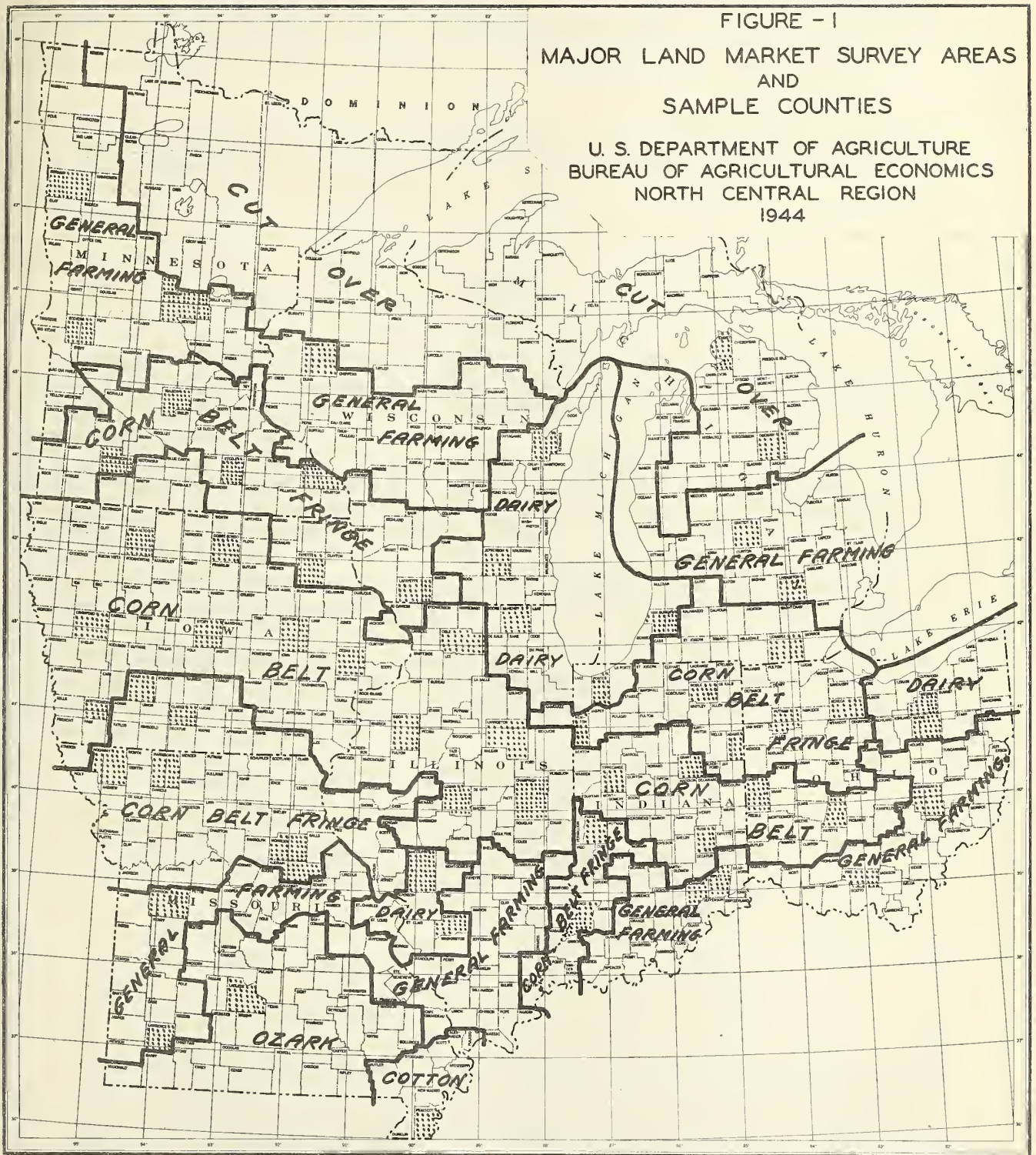
The sale and purchase of land is a necessary and natural process in our system of land tenure. The land market, as does other markets, usually favors one party or the other. When supplies of a commodity are large relative to effective demands, the buyer is in a favorable situation. When supplies are small relative to demands the seller has the advantage. At present the demand for farm land is definitely pressing against the available supply and the result is a seller's market. Present land prices are the highest since the boom period which followed the first World War. Buyers at present prices must look to continuing high agricultural prices for a favorable return on their investment.

Prices received by farmers for all products in the month of June were 81 percent above the base period of 1935 to 1939 while all costs of production were only 36 percent above the same period. 3/ Also, the net returns to farm operators is approximately 24% above the peak year of 1919. 4/ This combination has made agriculture a favored spot for investing available funds and has contributed much toward the rise in land prices. However, land buyers should recognize that present high prices, as well as the wide spread between agricultural prices and production costs, are the result of wartime conditions and demands which are not apt to be continued under peace time conditions. The large volume of land sales at constantly increasing prices emphasizes the need for would-be buyers to recognize the temporary nature of many of the factors which are now pushing land prices upward.

-
- 1/ Assistance in collecting and tabulating the data for this survey was provided by members of the departments of agricultural economics in Illinois, Indiana, Iowa, Missouri, Minnesota, Michigan and Ohio, and by members of the B.A.E. staff.
- 2/ This report is the tenth in a series presenting current information on farm real estate activity in selected counties in the North Central Region. The data include only bona fide sales transfers and were obtained from deed and mortgage records in local county recorders' offices. The information on buyers and sellers was obtained primarily from mail questionnaires and was supplemented in some counties by information from local people. A list of sample counties is given in the Appendix.
- 3/ Agricultural Prices - June 30, 1944.
- 4/ Net Farm Income and Parity Report: 1943 - July 1944.

FIGURE - I
MAJOR LAND MARKET SURVEY AREAS
AND
SAMPLE COUNTIES

U. S. DEPARTMENT OF AGRICULTURE
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NORTH CENTRAL REGION
1944



By act of congress agricultural prices will be supported at 90 percent of parity for two years after the war. Should it be necessary to use this support, it should be borne in mind that such a price will be considerably lower than the current market price for most products which are now averaging about 114 percent of parity for mid-June of this year. 1/

To repeat the World War I error of gauging debt capacity on wartime prices would be inviting disaster. Agriculture, as well as industry, must be on a sound financial basis if it is to weather the inevitable ups and downs of general economic conditions.

VOLUME

The volume of transfers for the current quarter is somewhat of an anti-climax to the large volume of transfers reported last quarter. Only in 1942 was there as sharp a drop - 36 percent - between the first and second quarter. (Table 1)

The number of transfers for the current quarter is 4 percent below the same period last year. However, current quarter volume is still 63 percent above the second quarter of 1942. (Table 2)

The greatest decline occurred in the Corn Belt areas. Here the volume of transfers is 31 percent below the second quarter of last year.

The General Farming area was the only area where volume did not decrease from a year ago. This area shows a 22 percent increase in the number of sales over the same period last year and $2\frac{1}{2}$ percent over the high first quarter of this year.

TABLE 1. Average Number of Lend Transfers
per County

Year	Quarter			
	First	Second	Third	Fourth
1941	47	34	34	43
1942	47	30	24	32
1943	55	51	34	45
1944	77	49		

However, the decrease during the second quarter does not offset the great increase during the first quarter. There were 16 percent more transfers in the first half of 1944 than in the first half of 1943. The greatest increase in activity here as in the current quarter was in the General Farm-

1/ Agricultural Prices - June 30, 1944.

TABLE 2. Average Number of Recorded Voluntary Farm Real Estate Sales per sample county for the first half and second quarter of 1941, 1942, 1943, and 1944 in the North Central Region ^{1/}

Area ^{2/}	No. of sample counties for 1944	First Half Year				2nd Quarter			
		^{3/} 1941	1942	1943	1944	^{3/} 1941	1942	1943	1944
		Number							
<u>CORN BELT AREAS</u>	17	72	63	93	97	22	20	39	27
Central Indiana-Ohio	5	71	69	117	99	27	31	50	37
Illinois-Indiana Cash Grain	3	50	58	75	61	20	17	27	16
Illinois-Iowa Livestock	3	86	70	84	96	30	23	30	22
Central and Northern Iowa	4	86	61	89	109	19	16	40	29
Western Iowa	2	42	53	112	115	9	14	50	30
<u>DAIRY AREAS</u>	9	99	88	105	124	60	44	59	56
Northeastern Ohio	2	102	107	123	174	59	58	69	85
Lake Michigan	5	109	93	106	118	64	44	60	50
East St. Louis	2	60	48	77	81	46	26	45	39
<u>CORN BELT FRINGE AREAS</u>	20	73	72	100	121	24	20	46	39
Toledo General Farming	4	88	87	133	143	21	21	70	53
Kankakee River	2	70	65	63	56	29	26	26	23
Lower Wabash River	2	45	54	94	113	17	25	44	49
Missouri Putnam Soils	2	85	88	103	144	27	30	42	46
Iowa-Missouri Pasture	2	107	87	134	132	26	21	48	34
Maryville-Greenfield Livestock	2	102	112	166	207	42	16	69	51
Southern Minnesota	3	40	39	44	74	20	16	27	28
LaCrosse-Dubuque Livestock	3	55	55	76	111	18	15	35	36
<u>GENERAL FARMING AREAS</u>	12	76	85	115	155	38	37	65	79
Southeastern Ohio	2	65	62	115	103	24	29	75	54
Southeastern Indiana	2	104	66	94	145	44	31	49	71
Southwestern Missouri Plains	2	114	83	178	194	45	36	88	71
Central Minnesota-Wisconsin	2	78	111	128	211	46	46	73	116
Red River Valley	2	33	37	47	52	14	14	27	26
Central and Western Michigan	2	89	100	114	163	50	49	62	81
<u>CUTOVER-OZARK AREA</u>	3	122	120	176	141	69	61	68	63
Michigan Cutover	2	45	44	52	61	27	24	35	31
Missouri Ozark	1	146	144	215	166	82	73	78	73
<u>MISSOURI-ILLINOIS COTTON AREA</u>	1	58	49	34	48	31	15	19	18
REGIONAL AVERAGE (Total)	62	79	77	106	123	34	30	51	49

- ^{1/} Deeds dated and recorded within the same quarter for 1942. The 1943 and 1944 numbers include in addition deeds dated in the preceding month but recorded in each quarter. The names of sample counties are given in the Appendix.
- ^{2/} Areas and sub-areas are given weights in averages according to the amount of land in farms. Regional and area figures will be changed somewhat from previous reports due to the addition of new areas.
- ^{3/} Based on 33 sample counties. The number of transfers for areas in which 1941 data were not available was calculated on the basis of the 1941-1942 ratio in areas for which data were available. This ratio was applied to the 1942 figures in those areas for which 1941 data were not available.

ing area. All areas except the Cutover and Ozark area show an increase from the first half of 1943 to the first half of 1944.

PURCHASERS

Farmers purchased 68 percent of the tracts sold in the current quarter compared to 61 percent in the second quarter of last year (Table 3). This proportion has only been exceeded by the past two quarters (Table 4). The fourth quarter of last year indicated 72 percent farmer purchases and the first quarter of the present year 74 percent.

TABLE 4. Distribution of Farm Land Purchases by Occupation and intent of Purchaser

Year	Farmers		Non-Farmers	
	To operate	To lease to others	To operate	To lease to others
	Percent			
1943				
1st Quarter	60	7	8	25
2nd Quarter	54	7	10	29
3rd Quarter	48	7	11	34
4th Quarter	62	10	10	18
1944				
1st Quarter	66	8	11	15
2nd Quarter	61	7	11	21

Tenants purchased 65 percent of the land bought by farmers compared to 43 percent last quarter.

The proportion of purchases by non-farmers who intend to rent their land is somewhat lower than a year ago. However, it is considerably higher than last quarter. There may be some seasonal influence in these differences. It appears from Table 4 that the proportion of purchases made by farmers tends to be heaviest in the first and fourth quarters.

Non-farmer purchasers were most active in the Dairy area and in the Cutover and Ozark area. In each area 42 percent of the purchases were made by non-farmers. Nonfarmers who have bought land in the Cutover and Ozark area, the Dairy area and the General Farming area seem most intent upon operating the land themselves.

TABLE 3. Farmers and nonfarmers buying farms and their intentions to operate or lease to others, second quarter 1944, North Central Region.

Area	Total transfers classified (Number)	Farmers		Nonfarmers	
		To operate	To lease To others	To operate	To lease to others
		Percent			
<u>CORN BELT AREAS</u>	296	63	10	5	22
Central Indiana-Ohio	127	64	4	11	21
Illinois-Indiana Cash Grain	31	55	7	3	35
Illinois-Iowa Livestock	24	63	8	8	21
Central and Northern Iowa	60	65	16	2	17
Western Iowa	54	68	7	6	19
<u>DAIRY AREAS</u>	164	55	3	20	22
Northeastern Ohio	18	50	0	44	6
Lake Michigan	114	56	2	15	27
East St. Louis	32	56	10	9	25
<u>CORN BELT FRINGE AREAS</u>	366	62	6	8	24
Toledo General Farming	65	49	3	6	42
Kankakee River	38	53	0	13	34
Lower Wabash River	40	50	10	20	20
Missouri Putnam Soils	58	72	2	5	21
Iowa-Missouri Pasture	29	52	13	14	21
Maryville-Greenfield Livestock	53	73	2	2	23
Southern Minnesota	33	67	12	9	12
LaCrosse-Dubuque Livestock	50	72	6	2	20
<u>GENERAL FARMING AREAS</u>	302	63	6	13	18
Southeastern Ohio	51	59	0	14	27
Southeastern Indiana	74	39	0	28	33
Southwestern Missouri Plains	37	54	8	19	19
Central Minnesota-Wisconsin	68	76	3	6	15
Red River Valley	25	72	12	4	12
Central and Western Michigan	47	45	9	25	21
<u>CUTOVER-OZARK AREA</u>	33	54	4	36	6
Michigan Cutover	14	43	0	50	7
Missouri Ozark	19	58	5	32	5
<u>MISSOURI-ILLINOIS COTTON AREA</u>	9	56	11	0	33
REGIONAL TOTAL	1170	61	7	11	21

SELLERS

Seventy-one percent of the tracts transferred in the present quarter were sold by individuals (Table 5). This compares with 76 percent last quarter and 67 percent a year ago. Last quarter was the only quarter which had a higher proportion of individual sellers. However, the proportion of these sellers has remained within the narrow range of 67 to 73 percent for the past year and a half. The past three quarters have had a substantially higher proportion of individual sellers than the previous three quarters.

In the fourth quarter of last year individuals sold 70 percent of the tracts transferred, 76 percent in the first quarter of this year and 71 percent for the current quarter. The first, second and third quarters of last year had 68 percent, 67 percent and 68 percent respectively of the tracts transferred sold by individuals.

Sales by estates are considerably more important than last quarter but are quite comparable to the previous quarters. Sales by corporations have not varied appreciably for the past year and a half.

Landlords and owner operators as sellers were both most active in the Cotton area.

The current quarter has a lower proportion of owner operators selling land than any previous quarter.

Fifty-one percent of the owner operators who sold land in the current quarter plan to continue farming (Table 6). This represents a decline from 54 percent last quarter but is an increase from 43 percent a year ago. The decrease from last quarter has been reflected in both a higher proportion planning to retire and planning to go into another line of work. For the first time in the past year and a half, no owner operators are reported as having sold their land to enter the armed forces.

TABLE 6. Intention of Owner-Operators who recently sold land, sample counties, second quarter, 1944. North Central Region

Area	Total transfers classified (Number)	Intent of owner-operators after selling land			
		Continue to Farm	Other Occupations	In Armed Forces	Retire
		Percent			
Corn Belt areas	54	48	26	0	26
Dairy areas	59	53	8	0	39
Corn Belt Fringe areas	71	51	8	0	41
General Farming areas	95	52	6	0	42
Cutover Ozark area	16	50	13	0	37
Cotton area	4	100	0	0	0
REGION	299	51	13	0	36

TABLE 5. Types of Owners selling farms, second quarter, 1944
North Central Region

	Total transfers (Number)	Type of Seller				
		Owner oper- ator	Land- lord	Unclassified individuals	Estates	Corporations and Gov't.
		Percent				
<u>CORN BELT AREAS</u>	473	12	22	25	22	19
Central Indiana-Ohio	185	23	39	12	19	7
Illinois-Indiana Cash Grain	48	13	21	21	35	10
Illinois-Iowa Livestock	66	4	17	35	30	14
Central and Northern Iowa	115	8	14	36	13	29
Western Iowa	59	14	31	1	17	37
<u>DAIRY AREAS</u>	417	15	21	51	11	2
Northeastern Ohio	89	5	11	73	11	0
Lake Michigan	251	20	23	47	7	3
East St. Louis	77	11	27	35	23	4
<u>CORN BELT FRINGE AREAS</u>	807	11	21	39	16	13
Toledo General Farming	211	8	18	56	13	5
Kankakee River	45	33	36	16	13	2
Lower Wabash River	98	9	22	41	23	5
Missouri Putnam Soils	92	16	31	35	9	9
Iowa-Missouri Pasture	67	9	8	42	10	21
Maryville-Greenfield Livestock	102	4	19	35	12	30
Southern Minnesota	83	7	22	37	24	10
LaCrosse-Dubuque Livestock	109	9	19	39	18	15
<u>GENERAL FARMING AREAS</u>	741	12	24	40	13	11
Southeastern Ohio	107	21	34	34	11	0
Southeastern Indiana	142	29	28	34	8	1
Southwestern Missouri Plains	141	8	19	58	9	6
Central Minnesota-Wisconsin	137	14	20	37	9	20
Red River Valley	52	4	25	23	31	17
Central and Western Michigan	162	7	23	57	10	3
<u>CUTOVER-OZARK AREA</u>	134	12	20	56	5	7
Michigan Cutover	61	13	25	46	3	13
Missouri Ozark	73	11	19	59	6	5
<u>MISSOURI-ILLINOIS COTTON AREA</u>	18	28	28	39	0	5
 REGIONAL TOTAL	 2590	 12	 22	 37	 16	 13

One very striking change which has occurred is the increase from 9 percent last quarter to 26 percent for the present quarter in the proportion of owner operator sellers from the Corn Belt who plan to change occupations. This current quarter figure is even higher than the 20 percent reported a year ago.

Heaviest retirement is indicated for the General Farming area, Corn Belt Fringe area and the Dairy area. This was true last quarter as well as a year ago.

PRICES

The average selling price for land in the north central region is \$73 per acre. This price is 7 percent above the price a year ago and 35 percent above the second quarter of 1941 (Table 7).

Three sub-areas and the Cotton area show a decline in average price from a year ago. The largest drop occurred in the southern Minnesota sub-area where the current quarter price is 15 percent lower than last year.

Three sub-areas have had no change in price from the second quarter of last year.

The average yearly price increase for this quarter is almost 9 percent with the largest increase occurring from 1942 to 1943 when land prices rose 17 percent.

The General Farming area experienced the greatest increase in price from last year. In this area the average price is 24 percent above the second quarter 1943 price.

The greatest rise in price since 1941 has occurred in the Cutover and Ozark area where the current quarter price is 67 percent above the same period of 1941. The General Farming area was second with a 58 percent rise.

Average land prices for the first half of 1944 in this region are 10 percent above the first half of last year and $41\frac{1}{2}$ percent above the first half of 1941.

Figure 2 shows the relationship of current land prices to land prices in preceeding years. The average current quarter sale of land acquired in the period 1917 to 1921 brought 25 percent less than the purchase price and land bought in the period 1912 to 1916 and sold in the current quarter was sold at a price about equal to the price at which it was purchased.

TABLE 7. Average per acre price of farm real estate changing ownership in sample counties, by areas, first half and second quarter 1941, 1942, 1943 and 1944, in the North Central Region 1/

Area	First Half Year				2nd Quarter				Pct. change 2nd quarter '44 over 2nd quarter '43
	2/ 1941	1942	1943	1944	2/ 1941	1942	1943	1944	
	Dollars								(Percent)
<u>CORN BELT AREAS</u>	85	97	110	120	88	97	110	116	+ 5
Central Indiana-Ohio	81	86	98	113	77	82	100	113	+13
Illinois-Indiana Cash Grain	117	139	147	157	121	137	153	161	+ 5
Illinois-Iowa Livestock	84	93	108	111	84	96	113	101	-11
Central and Northern Iowa	77	94	110	118	85	95	104	113	+ 9
Western Iowa	64	64	77	88	72	66	75	85	+13
<u>DAIRY AREAS</u>	70	68	81	92	70	69	78	88	+13
Northeastern Ohio	68	79	87	91	71	75	88	86	- 2
Lake Michigan	75	69	86	98	74	72	80	96	+20
East St. Louis	56	52	57	69	55	50	60	60	0
<u>CORN BELT FRINGE AREAS</u>	46	52	62	68	49	51	62	65	+ 5
Toledo General Farming	61	76	88	95	67	71	83	94	+13
Kankakee River	57	55	70	65	60	56	68	70	+ 3
Lower Wabash River	36	44	50	62	34	45	51	57	+12
Missouri Putnam Soils	20	22	29	30	21	24	26	30	+15
Iowa-Missouri Pasture	28	33	32	49	28	33	31	41	+32
Maryville-Greenfield Livestock	54	52	56	64	60	52	60	60	0
Southern Minnesota	51	58	81	82	55	57	85	72	-15
LaCrosse-Dubuque Livestock	43	50	54	65	46	48	57	63	+11
<u>GENERAL FARMING AREAS</u>	27	29	33	40	26	29	33	41	+24
Southeastern Ohio	26	28	27	34	27	25	26	33	+27
Southeastern Indiana	27	23	34	32	23	22	33	34	+ 3
Southwestern Missouri Plains	26	25	30	35	26	26	32	35	+ 9
Central Minnesota-Wisconsin	18	21	26	35	17	22	27	36	+33
Red River Valley	25	27	25	32	26	29	24	32	+33
Central and Western Michigan	47	51	59	66	42	46	60	71	+18
<u>CUTOVER-OZARK AREA</u>	13	14	19	18	12	13	18	20	+11
Cutover	16	18	21	20	12	13	21	21	0
Ozark	12	13	18	18	12	13	17	20	+18
<u>MISSOURI-ILLINOIS COTTON AREA</u>	68	84	107	103	78	83	117	103	-12
<u>REGIONAL AVERAGE</u>	53	59	68	75	54	58	68	73	+ 7

1/ Prices are from recorded farm real estate transfers in sample counties and are the averages for the transfers for which adequate information concerning price and acreage was available. Only bona fide sales were included. 1941 and 1942 prices represent transfers dated and recorded within the year, whereas 1943 and 1944 prices generally represent only those transfers for which buyer or seller reported the date of the agreement for sale to be within the quarter or the preceding month.

2/ Based on 33 sample counties. Land prices in areas for which 1941 data were not available were calculated on the basis of the 1941-1942 ratio in areas for which data were available. This ratio was applied to the 1942 figures in those areas for which 1941 data were not available.



FIGURE 2. The percentage change in price of land sold during the second quarter of 1944 from the price at which the land was acquired. 1/

1/ Based on data from questionnaires returned by 205 individuals selling land.

TABLE 8. Proportion of cash purchases, cash and mortgage purchases, and purchases by contract and equity of buyers in purchased properties
North Central Region, second quarter, 1944

Area	Total transfers (Number)	Method of Financing			Buyer's equity	
		Cash sales	Cash and Mort- gage	Purchase con- tracts	In mort- gaged proper- ties 1/	In all proper- ties deeded
				Percent		
<u>CORN BELT AREAS</u>	473	49	50	1	41	65
Central Indiana-Ohio	185	41	59	0	43	63
Illinois-Indiana Cash Grain	48	65	35	0	45	77
Illinois-Iowa Livestock	66	65	35	0	37	75
Central & Northern Iowa	115	40	58	2	41	60
Western Iowa	59	36	59	5	36	52
<u>DAIRY AREAS</u>	417	56	43	1	38	65
Northeastern Ohio	89	64	36	0	42	79
Lake Michigan	251	52	47	1	38	60
East St. Louis	77	61	39	0	35	67
<u>CORN BELT FRINGE AREAS</u>	807	50	49	1	38	60
Toledo General Farming	211	49	51	0	42	65
Kankakee River	45	44	56	0	45	62
Lower Wabash River	98	65	35	0	39	69
Missouri Putnam Soils	92	57	43	0	31	69
Iowa-Missouri Pasture	67	43	57	0	42	58
Maryville-Greenfield Livestock	102	54	36	10	35	58
Southern Minnesota	83	47	53	0	37	57
LaCrosse-Dubuque Livestock	109	49	49	2	30	55
<u>GENERAL FARMING AREAS</u>	741	61	38	1	41	69
Southeastern Ohio	107	58	42	0	40	65
Southeastern Indiana	142	53	47	0	45	73
Southwestern Missouri Plains	141	51	49	0	41	68
Central Minn.-Wisconsin	137	59	39	2	37	63
Red River Valley	52	79	21	0	51	83
Central & Western Michigan	162	60	39	1	42	70
<u>CUTOVER-OZARK AREA</u>	134	67	32	1	38	67
Michigan Cutover	61	89	8	3	49	87
Missouri Ozark	73	60	40	0	35	61
<u>MISSOURI-ILLINOIS COTTON AREA</u>	18	33	67	0	25	40
REGIONAL TOTAL	2590	54	45	1	40	64

1/ Includes purchase contracts.

BUYER'S EQUITY

Fifty-four percent of the tracts purchased in the current quarter were paid for in cash (Table 8). This is the highest proportion of cash sales yet attained and compares with the third and fourth quarters of last year when 52 percent of the sales were for cash - the only other quarters in which the proportion of cash sales were 50 percent or above. It also marks a recovery from the decline to 47 percent last quarter and is in sharp contrast to the 35 percent reported for the second quarter of 1942. A year ago 48 percent of the land purchases were for cash.

There has been little change in the proportion of tracts financed through purchase contracts. One percent of the tracts purchased in the current quarter was financed by purchase contracts compared to two percent a year ago.

In the Cotton area only 33 percent of the sales were cash sales. The Corn Belt area which had 49 percent cash sales was the only other area in which the proportion of cash sales was less than half.

All of the areas show a higher proportion of cash sales than a year ago.

Buyer's equity in mortgage financed properties has dropped from 42 percent last quarter to 40 percent for the current quarter but is up from 39 percent a year ago. Buyer's equity in all properties is down from 65 percent last quarter to 64 percent for the current quarter and is the same as a year ago.

With the exception of the Cotton area, the equity is surprisingly uniform in the various areas.

Mortgage debt per acre on financed purchases has risen to a new high in the Corn Belt Fringe area and in the General Farming area while the mortgage debt per acre has decreased in the Corn Belt area and in the Dairy area (Table 9).

TABLE 9. Per acre indebtedness of total purchases and mortgage financed purchases in the primary types of farming areas, by quarter - 1943-1944. North Central Region

Year	Corn Belt areas		Dairy areas		Corn Belt Fringe areas		Gen. Farming areas	
	All Pur.	Mtg. Fin.	All Pur.	Mtg. Fin.	All Pur.	Mtg. Fin.	All Pur.	Mtg. Fin.
----- Dollars -----								
1943								
1st Quarter	41	60	28	50	22	32	12	20
2nd Quarter	42	59	27	53	19	34	11	20
3rd Quarter	33	56	28	55	20	37	9	20
4th Quarter	36	60	26	53	20	37	11	21
1944								
1st Quarter	43	62	31	56	23	38	13	25
2nd Quarter	39	61	29	51	23	41	12	26

TABLE 10. Relative extent of use of purchase money mortgages and sources of other new mortgage credit, second quarter 1944, North Central Region 1/

Area	Purchase money mortgages 2/	Other new mortgages by				
		Individ- uals	FLB, LBC & FSA	Insur- ance Co.	Com- mercial banks	Other
----- Percentages -----						
<u>CORN BELT AREAS</u>	46	13	8	7	22	4
Central Indiana-Ohio	25	10	6	6	37	16
Illinois-Indiana Cash Grain	25	33	17	0	25	0
Illinois-Iowa Livestock	60	10	10	10	5	5
Central & Northern Iowa	56	5	5	13	21	0
Western Iowa	61	15	0	3	21	0
<u>DAIRY AREAS</u>	37	23	4	2	31	3
Northeastern Ohio	41	15	0	0	40	4
Lake Michigan	38	30	2	1	26	3
East St. Louis	27	7	19	8	35	4
<u>CORN BELT FRINGE AREAS</u>	47	11	8	6	23	5
Toledo General Farming	25	13	1	5	53	3
Kankakee River	28	5	10	14	43	0
Lower Wabash River	30	7	4	4	44	11
Missouri-Putnam Soils	31	35	17	0	7	10
Iowa-Missouri Pasture	65	8	4	0	12	11
Maryville-Greenfield Livestock	80	3	6	0	5	6
Southern Minnesota	51	13	5	13	15	3
LaCrosse-Dubuque Livestock	50	11	19	7	11	2
<u>GENERAL FARMING AREAS</u>	42	20	3	3	29	3
Southeastern Ohio	24	13	0	0	55	8
Southeastern Indiana	32	12	0	0	39	17
Southwestern Missouri Plains	34	21	7	0	31	7
Central Minnesota-Wisconsin	56	20	2	0	22	0
Red River Valley	50	20	10	20	0	0
Central & Western Michigan	32	25	2	0	41	0
<u>CUTOVER-OZARK AREA</u>	43	22	0	0	35	0
Michigan Cutover	50	50	0	0	0	0
Missouri Ozark	41	13	0	0	46	0
<u>MISSOURI-ILLINOIS COTTON AREA</u>	17	66	0	17	0	0
REGIONAL TOTAL	44	16	6	5	25	4

1/ Percentages of total number of new mortgages on tracts conveyed.

2/ Includes contracts.

MORTGAGE FINANCING

Forty-four percent of the purchases in the current quarter financed by new mortgages have been financed by the seller (Table 10). This marks a sharp increase from 32 percent last quarter and 37 percent a year ago.

Commercial banks were the most popular source of credit for other new mortgages. They granted loans for 25 percent of the financed purchases compared to 26 percent last quarter and a year ago.

New mortgages other than purchase money mortgages by insurance companies has dropped to 5 percent of all financed purchases from 10 percent last quarter and 9 percent a year ago.

Sixteen percent of the new mortgages other than purchase money mortgages were made by individuals. This compares with 19 percent last quarter and 16 percent for the second quarter of last year.

Financing through mortgage is a necessary step for about half of the persons seeking ownership of real estate. The terms and conditions of the mortgage often determine whether full ownership or foreclosure will result. This is especially true with our present war influenced price levels.

As in last quarter, five percent is the most common interest rate (Table 11). However 20 percent of the mortgages this quarter, compared to 15 percent last quarter, carry an interest rate of more than five percent.^{1/}

TABLE 11. Proportion of new farm land mortgages made at various interest rates, by type of lender, 18 sample counties, second quarter, 1944, North Central Region

Type of Lender	Total cases (Number)	Percent of total loans of each type of lender by interest rates								
		2%	3%	3½%	4%	4½%	5%	6%	7%	8%
Individual	97	0	7	0	24	7	48	12	1	1
Commercial banks	108	0	1	0	14	0	53	31	0	1
Insurance companies	28	0	0	4	46	42	4	0	4	0
FLB and LBC	24	0	0	0	54	0	46	0	0	0
Others	39	3	31	0	5	8	33	20	0	0
TOTAL	296	0	7	0	22	8	43	18	1	1
Interest rate not given	84									
GRAND TOTAL	380									

^{1/} Sample counties used in the study of mortgage terms are Logan and Knox, Illinois; Adams, Knox and Porter, Indiana; Clarke, Fayette, Palo Alto and Story, Iowa; Gratiot and Lenawee, Michigan; Medina, Seneca, Darke, Madison and Muskingum, Ohio; Cottonwood, Minnesota; and Monroe, Missouri.

Forty-six percent of the new mortgages made in the current quarter will mature within five years or less (Table 12). This represents an increase from 40 percent last quarter. The proportion of mortgages maturing in more than 10 years is up somewhat from 28 percent last quarter.

TABLE 12. Proportion of new farm mortgages made for various lengths of time, by type of lender, 18 sample counties, second quarter 1944, North Central Region

Type of Lender	Total Cases (Number)	Length of Mortgage					
		1 year or Less	2, 3 or 4 Years	5 Years	6, 7, 8 or 9 Years	10 Years	Over 10 Years
Individuals	78	15	24	41	3	12	5
Commercial banks	89	8	10	38	7	27	10
Insurance companies	43	0	0	0	5	32	63
FLB and LEC	24	0	0	0	0	0	100
Other	18	0	5	6	0	11	78
TOTAL	252	8	11	27	4	19	31
Length of mortgage not given	128						
GRAND TOTAL	380						

Slightly over half of the new mortgages are fully amortized (Table 13). The present quarter marks the first quarter that more than half of the loans have been fully amortized. In addition, 27 percent of the new mortgages are partially amortized. This is important because as much as possible of this indebtedness should be paid off while income is high.

The same proportion as last quarter carry no plan of amortization.

TABLE 13. Arrangements for repayment of principal included in new farm mortgages, by type of lender, 18 sample counties, second quarter 1944, North Central Region

Type of Lender	Total Cases (Number)	Percent of total mortgages		
		Fully Amortized	Partially Amortized	Not Amortized
Individuals	87	36	27	37
Commercial banks	94	48	31	21
Insurance companies	38	32	58	10
FLB and LEC	24	100	0	0
Other	45	82	7	11
TOTAL	288	52	27	21
Method of repayment not given	92			
GRAND TOTAL	380			

RESALES

The proportion of total quarterly sales which are sales of land acquired within the preceeding year has declined from 8.8 percent of fourth quarter 1943 sales to 5.7 percent of the first quarter 1944 sales (Figure 3). However, the profit on such sales rose from a low of 5 percent in the fourth quarter of last year to 15 percent for the first quarter of the current year. 1/

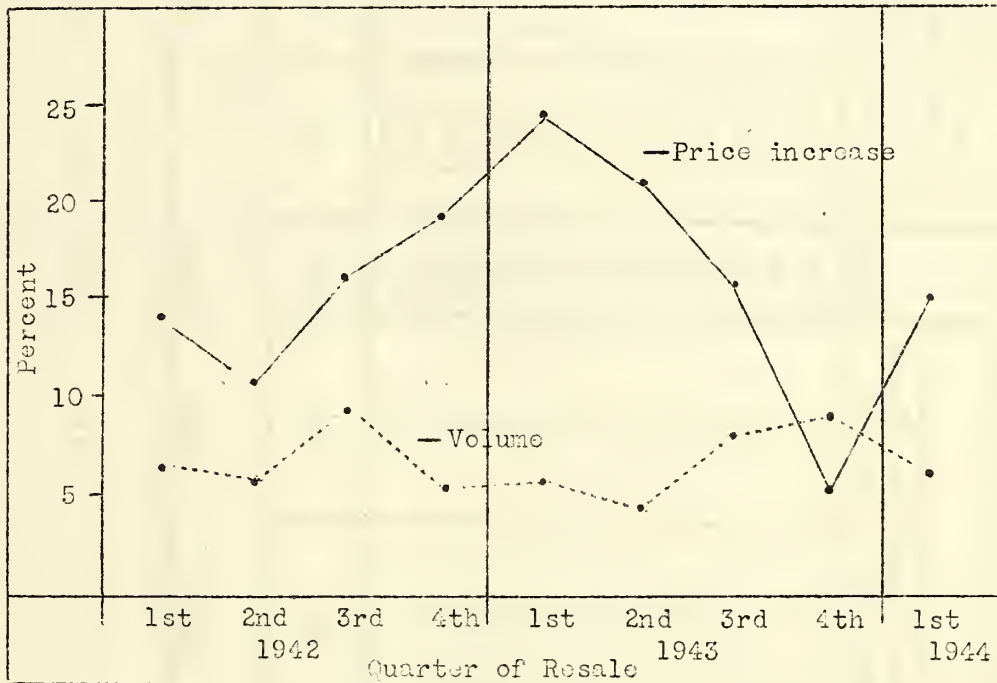


FIGURE 3. Percent of total quarterly sales resold within a year, and the average percent increase in price, by quarter of resale. 2/

Ten percent of the first quarter 1944 sales were of properties acquired not more than two years previous (Table 14). These resales were made at an average profit of 21.7%. The effect on profit by length of time property is held in a period of rising prices is clearly indicated in this table.

Land sold in the current quarter was in possession of the seller an average of 12 years as compared to 13 years last quarter and 12 years for the fourth quarter of 1943. 3/

1/ See table 13 for counties used in the study of resales.

2/ Legal descriptions were compared for all farm land transfers in the sample counties to determine which tracts had changed hands more than once during the 2½ years. Purchase and sales prices were used in determining the change in price or gross profit of the seller. It should be recognized that sales costs have not been taken into account in computing profit.

3/ Based on data from questionnaires returned by individuals selling land.

TABLE 14. Number and percentage of first quarter 1944 Sales purchased since December 31, 1940, and the percentage change in price by intervals. 1/

State and County	Number of transfers	Number of resales by months between Purchase and Resale				Ratio of Resales to all Sales	Sales of properties held more than 24 months	All sales properties purchased after December 31, 1940	
		Not over 6	Over 6, not over 12	Over 12, not over 18	Over 18, not over 24			Total	Ratio to all sales
Knox, Ill.	72	2	2	4	0	11.1%	5	13	18.1%
McHenry, Ill.	29	1	0	1	0	6.9	3	5	17.2%
Fayette, Iowa	116	2	5	1	2	8.6	1	11	9.5
Cedar, Iowa	98	2	4	1	2	9.2	5	14	14.3
Audrain, Mo.	91	3	3	3	6	16.5	3	18	19.8
Putnam, Ohio	72	0	2	1	2	6.9	2	7	9.7
Rush, Ind.	24	1	0	0	1	8.3	3	5	20.8
Cottonwood, Minn.	47	0	0	0	1	2.1	3	4	8.5
Steele, Minn.	54	0	0	0	2	3.7	0	2	3.7
Jennings, Ind.	65	2	1	2	0	7.7	6	11	16.9
Nodaway, Mo.	203	7	8	2	7	11.8	4	28	13.8
Harrison, Mo.	117	6	1	4	3	11.9	2	16	13.7
Crawford, Iowa	87	7	2	1	0	11.5	2	12	13.8
Pemiscot, Mo.	30	2	0	1	0	10.0	2	5	16.7
TOTAL	1105	35	28	21	26	9.9	41	151	13.7

Percentage change in Price +11% +20% +31% +31% +31% +21.7% +42.1% +28.3%

Fourth Quarter 1943 2/

TOTAL 350 17 14 7 11 49 14.0 6 55 17.7

Percentage

Change in Price +3.2% +6.7% +19.5% +38.3% +11.2% -9.3% +9.5%

1/ It will be noted that the table is based on first quarter transfers.

2/ Data from 10 sample counties.

OUTLOOK

It is probable the crest of net farm income has been reached. The trend of agricultural prices has been almost level for the past few months. However, the index of prices paid is generally up for the same period. This may mean a lower return on capital invested in agriculture.

Although we have seen in the present quarter a slight drop in the volume of sales from a year ago, land prices probably will not stop rising for the present or near future. Agriculture is still returning a sizable profit and there is still being accumulated in both industry and agriculture surplus funds to bid for land.

It may be expected that the volume of sales will not rise much above the present levels unless there is widespread speculation in the land market. It can be assumed that the bulk of unwilling owners have gotten out of the land market and that the great majority of present land owners have a definite desire to own land and will not easily be persuaded to sell.



APPENDIX

Major Land Value Areas and Sample Counties

Corn Belt Areas

Central Indiana-Ohio
Grant Co., Ind.
Rush Co., Ind.
Tippecanoe Co., Ind.
Darke Co., Ohio
Madison Co., Ohio

Illinois-Indiana Cash Grain
Logan Co., Ill.
Champaign Co., Ill.
Livingston Co., Ill.

Illinois-Iowa Livestock
Knox Co., Ill.
Ogle Co., Ill.
Cedar Co., Iowa

Central & Northern Iowa
Benton Co., Iowa
Cerro Gordo Co., Iowa
Palo Alto Co., Iowa
Story Co., Iowa

Western Iowa
Crawford Co., Iowa
Montgomery Co., Iowa

Corn Belt Fringe

Toledo Gen. Farming
Adams Co., Ind.
Putnam Co., Ohio
Seneca Co., Ohio
Lenawee Co., Mich.

Kankakee River
Newton Co., Ind.
Noble Co., Ind.

Lower Wabash
Parke Co., Ind.
Knox Co., Ind.

Missouri-Putnam
Audrain Co., Mo.
Monroe Co., Mo.

Iowa-Missouri Pasture
Clarke Co., Iowa
Harrison Co., Mo.

Maryville-Greenfield
Nodaway Co., Mo.
Adair Co., Iowa

Southern Minnesota
Cottonwood Co., Minn.
McLeod Co., Minn.
Steele Co., Minn.

LaCrosse-Dubuque
Fayette Co., Iowa
Lafayette Co., Wis.
Winona Co., Minn.

General Farming Areas

Southeastern Ohio
Muskingum Co., Ohio
Pike Co., Ohio

Southeastern Indiana
Jennings Co., Ind.
Ripley Co., Ind.

Southwestern Mo.Plains
Johnson Co., Mo.
Lawrence Co., Mo.

Central Minn.-Wisconsin
Barron Co., Wis.
*Morrison Co., Minn.

Red River Valley
Stevens Co., Minn.
Norman Co., Minn.

Central & Western Mich.
Livingston Co., Mich.
Gratiot Co., Mich.

Cutover Ozark Areas
Mich. Cutover
(Lower Peninsula)
Emmet Co., Mich.
Ogemaw Co., Mich.

Missouri Ozark
Laclede Co., Mo.

Cotton Area

Pemiscot Co., Mo.

Dairy Areas

Northeastern Ohio
Medina Co., Ohio
*Wayne Co., Ohio

Lake Michigan
Brown Co., Wis.
Jefferson Co., Wis.
McHenry Co., Ill.
Porter Co., Ind.
Van Buren Co., Mich.

East St. Louis
Clinton Co., Ill.
Macoupin Co., Ill.

*Omitted this quarter

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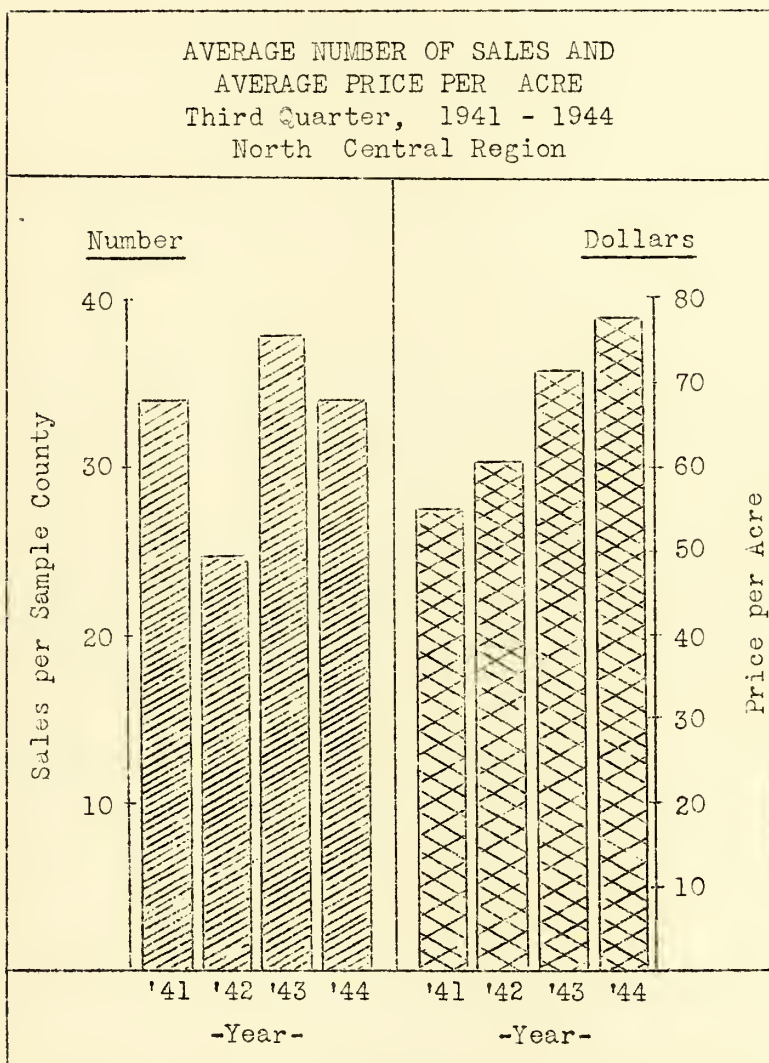
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WARTIME LAND MARKET SURVEY IN THE
NORTH CENTRAL REGION

Third Quarter 1944



By
Wilbur C. Scott
Agricultural Economist

Milwaukee, Wisconsin
November 1944



SUMMARY

Volume: For the second consecutive quarter, volume has dropped below the same period of a year earlier. The number of transfers for the current quarter is 11 percent below a year ago, 42 percent above the third quarter of 1942 and equal to the third quarter of 1941. The usual seasonal decline has been the greatest this year of any previous year of the study.

Purchasers: Almost two-thirds of the tracts transferred in the current quarter were purchased by farmers. This is an increase from slightly over half of the tracts being purchased by farmers in the third quarter of last year. Thirty-four percent of the tracts purchased by farmers were bought by tenants. Non-farmer buyers with intent to operate have reached the highest proportion since the beginning of the study.

Sellers: Individuals sold 72 percent of the tracts transferred in the current quarter. This compares with 68 percent a year ago and 71 percent last quarter. Fifty-one percent of the owner-operators selling land intend to continue farming.

Prices: The average selling price for land in the current quarter is \$78 per acre. This is a 7 percent increase over a year ago, a 42 percent increase over the third quarter of 1941 and a 28 percent increase over the third quarter of 1942. Land prices made the biggest advance in the low land value areas.

Buyer's Equity: The proportion of cash sales has attained a new high. Fifty-nine percent of the tracts transferred in the current quarter were purchased for cash compared to 52 percent a year ago and 54 percent last quarter. Buyer's equity in financed purchases had dropped from 41 percent a year ago to 39 percent for the current quarter.

Mortgage Financing: Purchase money mortgages financed 37 percent of current quarter purchases financed by new mortgages. Individuals as a source of credit for new mortgages have declined from financing 21 percent of the new mortgages a year ago to 13 percent for the current quarter. Mortgage debt per acre on financed purchases in the Corn Belt areas is \$4 higher than any previous quarter.

Resales: The volume of tracts resold within a year of the date they were acquired accounted for 9.4 percent of the total sales last quarter. This is the highest proportion of quick resales recorded for the North Central Region.

Outlook: A slowing down in the volume of sales and the rate of price increase has occurred. This may indicate that buyers' optimism has been checked at least temporarily. It is expected that land prices will continue to rise, but at about the same or a lower rate from now until the end of the war.

WARTIME LAND MARKET SURVEY 1/

Third Quarter, 1944 2/

Introduction

We have not as yet seen two dollar corn, twenty dollar hogs or four hundred dollar land. The price of corn and hogs are directly controlled by price ceilings while there are no direct controls on land. The control of farm product prices can be expected to indirectly control land prices only insofar as they control total income. Even without two dollar corn and twenty dollar hogs, the net farm income for 1943 was the highest in the history of American agriculture.

The unprecedented rates of increases in farm income during 1941 and 1942 were particularly stimulating to land prices. Net farm income for the United States increased 36 percent in 1941 over 1940. In 1942 it increased 46 percent over 1941. In 1943 the increase was 21 percent. This year net income will be about the same as 1943, while 1945 will probably show a decline. 3/

This large volume of purchasing power accumulating in the hands of agriculture has been estimated at 12 billion dollars. Farmers will most likely use this increased purchasing power not only to bid for the ownership of land, but also to raise their standard of living, reduce existing debt, increase liquid assets, purchase machinery, etc.

American agriculture has made a fine record in debt reduction compared to the era of World War I. During the four years ended January 1, 1918, mortgage debt increased almost 39 percent. This compares with a reduction of 14.4 percent in the four years ended January 1, 1944. 4/

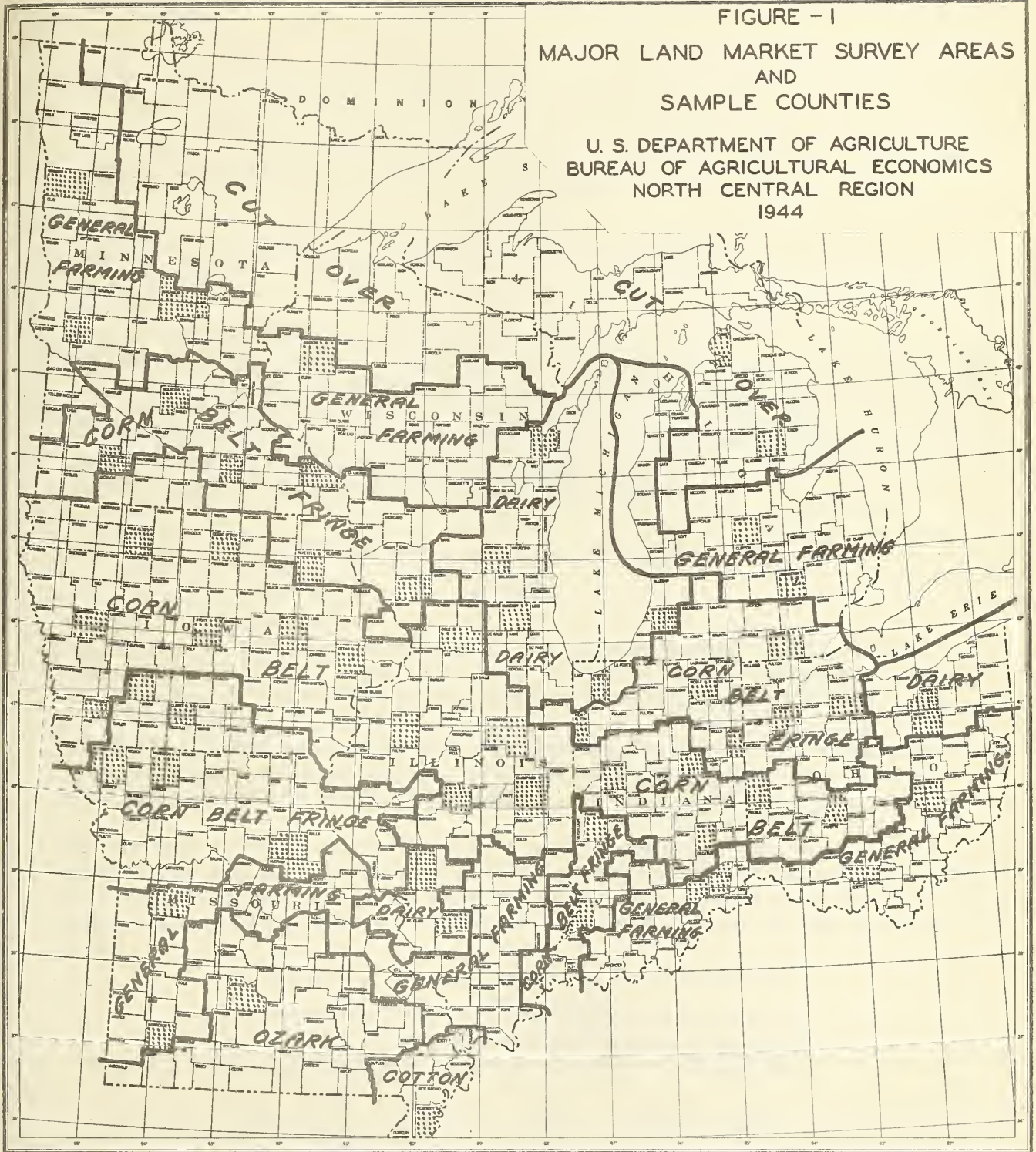
1/ Assistance in collecting and tabulating the data for this survey was provided by members of the Departments of Agricultural Economics in Illinois, Indiana, Iowa, Missouri, Minnesota, Michigan and Ohio, and by members of the B.A.E. staff.

2/ This report is the eleventh in a series presenting current information on farm real estate activity in selected counties in the North Central Region. The data include only bona fide sales transfers and were obtained from deed and mortgage records in local county recorders' offices. The information on buyers and sellers was obtained primarily from mail questionnaires and was supplemented in some counties by information from local people. A list of sample counties is given in the Appendix.

3 & 4/ The Impact of the War on the Financial Structure of Agriculture - B.A.E. September 1944.

FIGURE - I
MAJOR LAND MARKET SURVEY AREAS
AND
SAMPLE COUNTIES

U. S. DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS
NORTH CENTRAL REGION
1944



SCALE IN MILES
0 25 50 75 100



The present mortgage reduction is being made primarily by established farm owners who are paying off long-standing mortgages. At the same time the present activity in the land market is creating obligations with a new set of borrowers.

On the other hand, we are keeping pace with the World War I rise in land values. Average per-acre values for the country on July 1, 1944, were 42 percent above the 1935-39 average. On March 1, 1919, values were 40 percent above the 1912-14 average. ^{1/} The volume of sales for 1943 has already exceeded the peak year of 1919. It is conceivable that we may soon reach a point where mortgage debt will show an increase rather than a decrease.

Although new mortgages are not being made as rapidly as old ones are being paid off, it must be remembered that a large mortgage debt was already in existence.

Persons who must mortgage heavily to obtain ownership should be cautioned that much of the mortgage debt they are assuming may have to be paid off at prices considerably lower than those existing now. Under these conditions such buyers may have to accept a lower standard of living, loss of equity or even their farms. The continued rise in land prices presents a potential threat to agricultural security and warrants serious consideration of control measures which may be applied when needed.

VOLUME

The number of voluntary transfers in the current quarter is 11 percent below the same period a year ago. The volume is equal to the third quarter of 1941, but 42 percent above the third quarter of 1942. (Table 1)

The third quarter is usually the least active quarter of the year. However, the usual seasonal decline has been the greater this year of any previous year of the study. (Table 2)

The seasonal decline in the number of sales from the first to the third quarter for the current year is 56 percent compared to 28 percent for 1941, 49 percent for 1942 and 31 percent for 1943. The current year has also shown a larger drop from the second to the third quarter of any previous year.

TABLE 2. Average Number of Land Transfers
per County

Year	Quarter			
	First	Second	Third	Fourth
1941	47	34	34	43
1942	47	30	24	32
1943	55	51	38	45
1944	77	49	34	

^{1/} Office of Information - Land Market Fact Sheet No. 95, Sept. 9, 1944.

TABLE 1. Average Number of Recorded Voluntary Farm Real Estate Sales per sample county for the third quarter - North Central Region 1/

Area <u>2/</u>	No. of sample counties for 1944	Third Quarter			
		1941 <u>3/</u>	1942	1943	1944
- - - - - Number - - - - -					
<u>CORN BELT AREAS</u>	17	27	17	22	16
Central Indiana-Ohio	5	31	25	39	28
Illinois-Indiana Cash Grain	3	22	20	18	9
Illinois-Iowa Livestock	3	23	16	13	14
Central and Northern Iowa	4	33	12	18	17
Western Iowa	2	16	16	23	9
<u>DAIRY AREAS</u>	9	57	29	48	35
Northeastern Ohio	2	44	28	57	51
Lake Michigan	5	66	32	48	30
East St. Louis	2	44	22	38	35
<u>CORN BELT FRINGE AREAS</u>	20	29	15	30	25
Toledo General Farming	4	45	24	39	35
Kankakee River	2	31	15	20	21
Lower Wabash River	2	17	13	25	39
Missouri Putnam Soils	2	39	16	32	33
Iowa-Missouri Pasture	2	24	12	32	27
Maryville-Greenfield Livestock	2	25	18	44	25
Southern Minnesota	3	20	10	25	13
LaCrosse-Dubuque Livestock	3	32	9	24	20
<u>GENERAL FARMING AREAS</u>	12	32	35	55	57
Southeastern Ohio	2	37	20	62	54
Southeastern Indiana	2	22	32	54	46
Southwestern Missouri Plains	2	50	34	72	62
Central Minnesota-Wisconsin	2	33	51	65	81
Red River Valley	2	15	16	14	19
Central and Western Michigan	2	33	36	55	44
<u>CUTOVER AND OZARK AREAS</u>	3	62	44	70	62
Michigan Cutover	2	45	32	37	27
Missouri Ozark	1	67	48	80	73
<u>MISSOURI-ILLINOIS COTTON AREA</u>	1	27	13	17	9
REGIONAL AVERAGE (Total)	62	34	24	38	34

1/ Deeds dated and recorded within the same quarter for 1942. The 1943 and 1944 numbers include in addition deeds dated in the preceding month but recorded in each quarter. The names of sample counties are given in the Appendix.

2/ Areas and sub-areas are given weights in averages according to the amount of land in farms. Regional and area figures will be changed somewhat from previous reports due to the addition of new areas.

3/ Based on 33 sample counties. The number of transfers for areas in which 1941 data were not available was calculated on the basis of the 1941-1942 ratio in areas for which data were available. This ratio was applied to the 1942 figures in those areas for which 1941 data were not available.

There was only one area, the General Farming Area, which showed an increase in the number of transfers over third quarter of last year. The greatest decline in volume - 47 percent - occurred in the Cotton Area while the Corn Belt Areas and the Dairy Areas each experienced a 27 percent decline from the same quarter of last year. The General Farming area is the only area that has consistently increased in the volume of third quarter transfers since 1941. The Corn Belt Areas show the smallest number of third quarter transfers since the beginning of the study.

PURCHASERS

Almost two-thirds of the tracts transferred in the current quarter were purchased by farmers. (Table 3) In the same period last year farmers purchased a little over half of the tracts. Only the second and third quarters of last year show a lower proportion of farmer purchases. (Table 4)

TABLE 4. Distribution of Farm Land Purchases by Occupation
and intent of Purchaser

	Farmers		Non-Farmers	
	To operate	To lease	To operate	To lease
Year	To operate	to others	To operate	to others
	Percent			
1943				
1st quarter	60	7	8	25
2nd quarter	54	7	10	29
3rd quarter	48	7	11	34
4th quarter	62	10	10	18
1944				
1st quarter	66	8	11	15
2nd quarter	61	7	11	21
3rd quarter	57	8	14	21

The Cotton Area has a higher proportion of farmer purchases than other areas of the region but a decidedly lower proportion who plan to operate their newly acquired land.

Thirty-four percent of the tracts purchased by farmers were bought by tenants. This compares with 65 percent last quarter and 43 percent in the first quarter of this year.

The current quarter shows the highest proportion of non-farmer buyers indicating intent to operate tracts they have purchased. Non-farmer purchases are greatest in the Dairy Areas and the Corn Belt areas but purchases by non-farmers intending to operate are greatest in the Cutover and Ozark areas and in the Dairy areas.

This may be an indication of anxiety over post-war security on the part of these buyers. In this connection the increase of such purchases in the

TABLE 3. Farmers and nonfarmers buying farms and their intentions to operate or lease to others, third quarter 1944, North Central Region

Area	Total transfers classified (Number)	Farmers		Nonfarmers	
		To operate	To lease to others	To operate	To lease to others
		Percent - - - - -			
<u>CORN BELT AREAS</u>	178	53	8	6	33
Central Indiana-Ohio	99	55	4	19	22
Illinois-Indiana Cash Grain	14	50	0	0	50
Illinois-Iowa Livestock	16	44	25	6	25
Central and Northern Iowa	32	63	6	3	28
Western Iowa	17	35	12	0	53
<u>DAIRY AREAS</u>	146	51	5	23	21
Northeastern Ohio	39	49	3	38	10
Lake Michigan	73	53	4	22	21
East St. Louis	34	44	12	9	35
<u>CORN BELT FRINGE AREAS</u>	240	59	8	10	23
Toledo General Farming	67	48	8	19	25
Kankakee River	32	56	9	19	16
Lower Wabash River	35	57	6	17	20
Missouri Putnam Soils	32	62	0	19	19
Iowa-Missouri Pasture	17	64	18	6	12
Maryville-Greenfield Livestock	13	69	0	0	31
Southern Minnesota	20	50	15	10	25
LaCrosse-Dubuque Livestock	24	71	0	0	29
<u>GENERAL FARMING AREAS</u>	265	61	8	18	13
Southeastern Ohio	64	58	5	20	17
Southeastern Indiana	53	56	0	21	23
Southwestern Missouri Plains	33	67	6	21	6
Central Minnesota-Wisconsin	66	66	8	12	14
Red River Valley	19	68	11	5	16
Central and Western Michigan	30	46	10	37	7
<u>CUTOVER AND OZARK AREAS</u>	30	59	4	37	0
Michigan Cutover	9	33	0	67	0
Missouri Ozark	21	67	5	28	0
MISSOURI-ILLINOIS COTTON AREA	8	50	37	0	13
REGIONAL TOTAL	867	57	8	14	21

relatively poorer farming areas may be significant. The significance lies in the possibility of these buyers increasing the number of operating farms on land which will not return a satisfactory living.

SELLERS

Seventy-two percent of the tracts transferred in the current quarter were sold by individuals. (Table 5) This compares with 68 percent a year ago and 71 percent last quarter. The increase in the proportion of sales by individuals is explained primarily by the heavy liquidation of corporation holdings in the past.

The past two quarters have had a lower proportion of owner-operators selling land than any previous quarter. The proportion of owner-operator sellers to landlord sellers is also slightly lower this quarter than a year ago or last quarter.

As has been the case throughout most of the study, sales by owner-operators were heaviest in the Cotton Area. The Dairy areas held their usual position of having the second highest proportion of sales by owner-operators. The heaviest proportion of corporation sales has shifted from the Corn Belt areas last quarter to the General Farming areas this quarter. A year ago corporation sales were equally divided in importance between these two areas.

Fifty-one percent of the owner-operators selling land this quarter intend to continue farming. (Table 6) This is the same proportion as expressed by owner-operators selling land last quarter as well as in the third quarter of last year.

TABLE 6. Intention of Owner-Operators who recently sold land, sample counties, third quarter, 1944. North Central Region

Area	Total transfers classified: (Number)	Intent of owner-operators after selling land			
		Continue to farm	Other occupations	In Armed Forces	Retire
		Percent			
Corn Belt Areas	24	54	21	0	25
Dairy Areas	47	43	15	2	40
Corn Belt Fringe Areas	54	48	13	0	39
General Farming Areas	79	54	17	0	29
Cutover and Ozark Areas	11	46	27	0	27
Cotton Area	4	100	0	0	0
	219	51	18	0	31

However, there is a larger proportion planning to go into some other occupation and a smaller proportion planning retirement than was indicated either a year ago or last quarter. Greatest movement into other occupations by owner-operator sellers is reported for the Cutover and Ozark areas and the Corn Belt areas while heaviest retirement is indicated for the Dairy areas and Corn Belt Fringe areas.

TABLE 5. Types of Owners selling farms, third quarter, 1944
 North Central Region

	Total transfers (Number)	Type of Seller				
		Owner oper- ator	Land- lord	Unclas- sified individ- uals	Estates	Corpor- ations and Gov't.
		Percent				
<u>CORN BELT AREAS</u>	291	9	26	30	22	13
Central Indiana-Ohio	137	17	45	13	21	4
Illinois-Indiana Cash Grain	27	18	22	26	30	4
Illinois-Iowa Livestock	43	2	19	54	23	2
Central and Northern Iowa	66	3	20	38	18	21
Western Iowa	18	12	27	6	22	33
<u>DAIRY AREAS</u>	315	17	26	41	13	3
Northeastern Ohio	101	15	13	58	13	1
Lake Michigan	145	19	31	37	12	1
East St. Louis	69	13	22	36	14	15
<u>CORN BELT FRINGE AREAS</u>	488	13	21	38	18	10
Toledo General Farming	139	15	21	35	21	8
Kankakee River	41	29	41	10	20	0
Lower Wabash River	77	8	25	40	17	10
Missouri Putnam Soils	66	24	26	29	17	4
Iowa-Missouri Pasture	35	11	17	49	9	14
Maryville-Greenfield Livestock	50	4	14	40	12	30
Southern Minnesota	38	8	18	39	24	11
LaCrosse-Dubuque Livestock	42	12	29	21	31	7
<u>GENERAL FARMING AREAS</u>	564	13	22	35	15	15
Southeastern Ohio	108	11	31	33	24	1
Southeastern Indiana	91	30	33	25	11	1
Southwestern Missouri Plains	124	14	16	60	6	4
Central Minnesota-Wisconsin	115	12	22	29	8	29
Red River Valley	38	8	16	21	29	26
Central and Western Michigan	88	16	20	47	16	1
<u>CUTOVER AND OZARK AREAS</u>	126	11	21	58	4	6
Michigan Cutover	53	10	13	57	9	11
Missouri Ozark	73	11	23	58	3	5
<u>MISSOURI-ILLINOIS COTTON AREA</u>	9	44	45	11	0	0
 REGIONAL TOTAL	 1793	 12	 24	 36	 17	 11

PRICES

Farm land prices continue to rise. The average selling price for land in the current quarter is 7 percent above a year ago. (Table 7) However, this is a smaller increase than was experienced between the other third quarter periods. The average price of land in the current quarter is \$28 an acre higher than in the third quarter of 1941. (Table 8)

TABLE 8.		Average Price Per Acre				
Year	Quarter				Yearly	
	First	Second	Third	Fourth	Average	
----- Dollars -----						
1941	53	54	55	59	55	
1942	60	58	61	61	60	
1943	68	68	73	72	70	
1944	76	74	78			

The highest prices reported this quarter for operating units were \$287 per acre for a 160 acre tract in Knox County, Illinois, and \$275 per acre for a 160 acre tract in Champaign County, Illinois.

Arranging the various sub-areas by the average price per acre for the current quarter from the highest priced land to the lowest priced land gives a picture of where the price changes have occurred. (Table 9) In the top one-third - \$175 to \$98 per acre - 87.5 percent of the sub-areas increased in price. In the middle third - \$97 - \$38 per acre - only 22 percent of the sub-areas increased in price. In the lower third - \$37 to \$22 per acre - 75 percent of the sub-areas increased in price. Sub-areas in the upper one-third averaged a $5\frac{1}{2}$ percent increase in price, the middle third an average decline of 2 percent and the lower third an average increase of 13.3 percent.

The greatest increase in price over the third quarter of last year has occurred in the Cutover and Ozark areas.

Figure 2 shows the relationship of current land prices to land prices in preceding years. Land bought in the period of 1917 to 1921 and sold during the current quarter brought 31 percent less than its original cost. This figure also shows that current land prices are approaching the level of 1922 to 1926 prices. Current quarter prices are closer to this level than any of the past three quarters.

TABLE 7. Average per acre price of farm real estate changing ownership in sample counties, by areas, third quarter
North Central Region 1/

Area	Third Quarter				Pct. change 3rd quarter '44 over 3rd quarter '43
	1941 <u>2/</u>	1942	1943	1944	
	- - - - - Dollars - - - - -				(Percent)
<u>CORN BELT AREAS</u>	92	100	118	127	+ 8
Central Indiana-Ohio	85	91	96	108	+13
Illinois-Indiana Cash Grain	131	143	167	175	+ 5
Illinois-Iowa Livestock	68	95	120	128	+ 7
Central and Northern Iowa	91	91	114	126	+11
Western Iowa	81	78	82	81	- 1
<u>DAIRY AREAS</u>	63	68	89	93	+ 4
Northeastern Ohio	70	74	94	101	+ 7
Lake Michigan	61	70	94	98	+ 4
East St. Louis	60	54	66	62	- 6
<u>CORN BELT FRINGE AREAS</u>	50	55	63	67	+ 6
Toledo General Farming	72	69	86	103	+20
Kankakee River	56	57	74	60	-19
Lower Wabash River	34	47	58	65	+12
Missouri Putnam Soils	21	26	33	30	- 9
Iowa-Missouri Pasture	25	29	38	34	-11
Maryville-Greenfield Livestock	52	59	64	55	-14
Southern Minnesota	56	61	81	80	- 1
LaCrosse-Dubuque Livestock	55	64	48	69	+44
<u>GENERAL FARMING AREAS</u>	26	29	38	40	+ 5
Southeastern Ohio	19	25	26	34	+31
Southeastern Indiana	19	22	31	37	+19
Southwestern Missouri Plains	27	28	42	38	-10
Central Minnesota-Wisconsin	20	21	31	34	+10
Red River Valley	19	21	28	32	+14
Central and Western Michigan	48	53	70	64	- 9
<u>CUTOVER AND OZARK AREAS</u>	14	15	17	24	+41
Michigan Cutover	15	17	21	31	+48
Missouri Ozark	14	15	16	22	+38
<u>MISSOURI-ILLINOIS COTTON AREA</u>	81	102	155	138	-11
REGIONAL AVERAGE	55	61	73	78	+ 7

1/ Prices are from recorded farm real estate transfers in sample counties and are the averages for the transfers for which adequate information concerning price and acreage was available. Only bona fide sales were included. 1941 and 1942 prices represent transfers dated and recorded within the year, whereas 1943 and 1944 prices generally represent only those transfers for which buyer or seller reported the date of the agreement for sale to be within the quarter or the preceding month.

2/ Based on 33 sample counties. Land prices in areas for which 1941 data were not available were calculated on the basis of the 1941-42 ratio in areas for which data were available. This ratio was applied to the 1942 figures in those areas for which 1941 data were not available.

TABLE 9. Relationship of Land Values to Change in Land Prices from
the Third Quarter of 1943 to Third Quarter 1944
North Central Region

Sub-Areas	Average		Increase:		:	
	Price		or		Percent of: Average	
	Per Acre		Decrease:		sub - areas: per cent	
	3rd Quar.:	3rd Quar.:	in average:	increasing:	change	
	1943	1944	Price	in price	in price	
	-- Dollars --			(Percent)	(Percent)	
<u>Upper One-Third</u>						
Illinois-Indiana Cash Grain	167	175	+			
Missouri-Illinois Cotton	155	138	-			
Illinois-Iowa Livestock	120	128	+			
Central and Northern Iowa	114	126	+	87.5	+5.5	
Central Indiana-Ohio	96	108	+			
Toledo General Farming	86	103	+			
Northeastern Ohio	94	101	+			
Lake Michigan	94	98	+			
<u>Middle One-Third</u>						
Western Iowa	82	81	-			
Southern Minnesota	81	80	-			
LaCrosse-Dubuque Livestock	48	69	+			
Lower Wabash River	58	65	+	22.2	-2	
Central and Western Michigan	70	64	-			
East St. Louis	66	62	-			
Kankakee River	74	60	-			
Maryville-Greenfield Livestock	64	55	-			
Southwestern Missouri Plains	42	38	-			
<u>Lower One-Third</u>						
Southeastern Indiana	31	37	+			
Central Minnesota-Wisconsin	31	34	+			
Iowa-Missouri Pasture	38	34	-			
Southeastern Ohio	26	34	+	75	+13.3	
Red River Valley	28	32	+			
Michigan Cutover	21	31	+			
Missouri Putnam Soils	33	30	-			
Missouri Ozark	16	22	+			

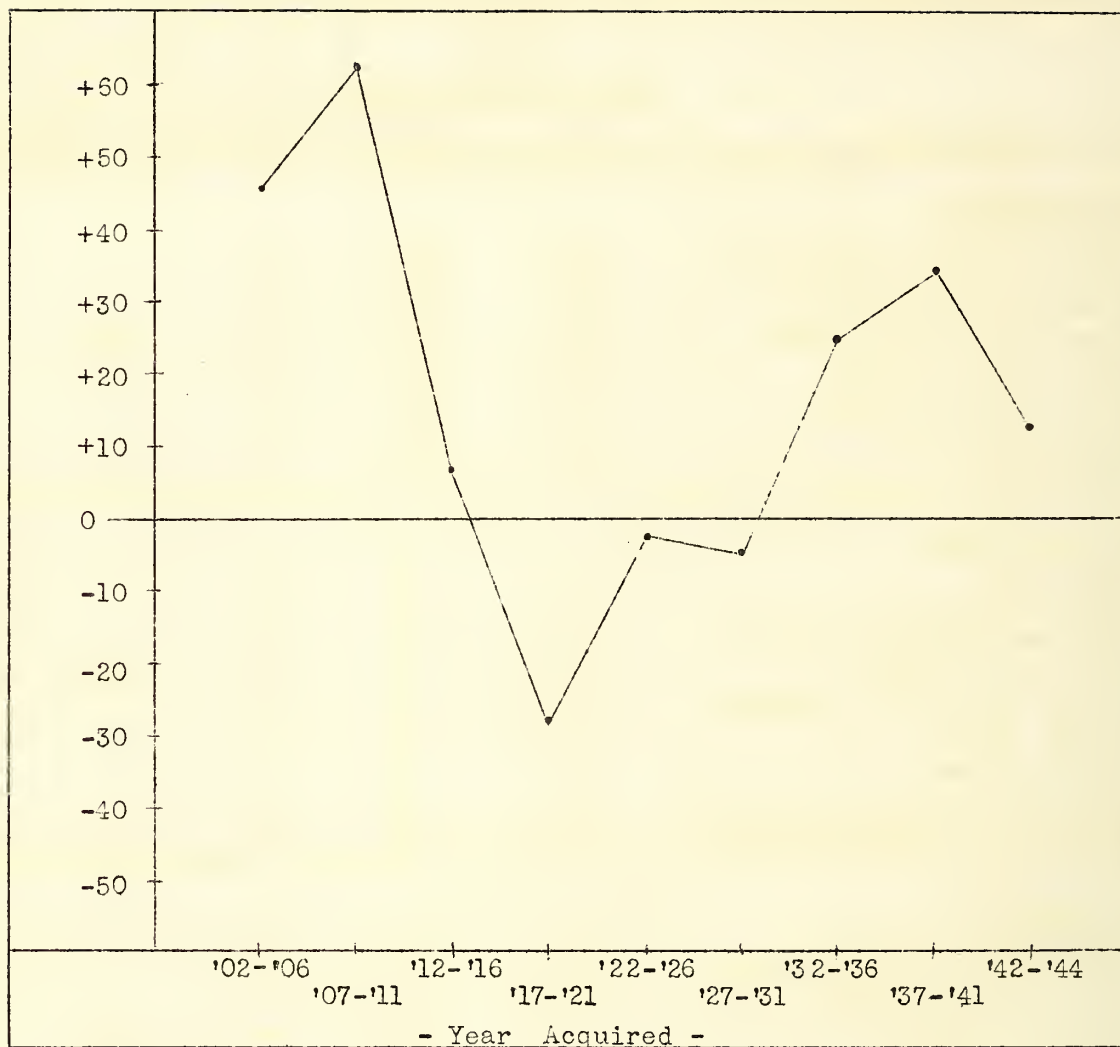


FIGURE 2. The percentage change in the price of land sold during the third quarter of 1944 from the price at which the land was acquired. 1/

1/ Based on data from questionnaires returned by 182 individuals selling land.

BUYER'S EQUITY

The proportion of cash sales has attained a new high. Fifty-nine percent of the tracts transferred in the current quarter were purchased for cash. (Table 10) A year ago 52 percent of the transfers were cash sales and 54 percent last quarter. The Corn Belt areas and the Dairy areas were the only areas with a higher proportion of cash sales than a year ago.

The highest proportion of cash sales this quarter occurred in the Cutover and Ozark areas while the Corn Belt areas were second with 64 percent cash sales.

The decline in the proportion of financed purchases has been consistent in the same quarter of each year. (Table 11)

TABLE 11. Proportion of tracts financed by mortgage or contract - North Central Region 1/

Year	Quarter			
	First	Second	Third	Fourth
	Percent			
1942	63	65	52	53
1943	60	52	48	48
1944	53	46	41	

Buyer's equity in all properties transferred this quarter is at an all time high of 70 percent for the period of this study. However, buyer's equity in financed purchases has suffered a drop from 41 percent a year ago and 40 percent last quarter to 39 percent for the current quarter. Equity in financed purchases is lowest in Western Iowa and the Illinois-Indiana Cash Grain area.

MORTGAGE FINANCING

Sellers provided the credit for 37 percent of the current quarter purchases financed by new mortgages. (Table 12) This compares with 40 percent a year ago and 44 percent last quarter.

Purchase money mortgages were most prominent in the General Farming areas and least prominent in the Cotton area.

The importance of individuals as a source of credit for new mortgages other than purchase money mortgages has declined considerably. A year ago individuals financed 21 percent of the new mortgage loans. This dropped to 16 percent last quarter and to 13 percent for the current quarter. The slack created by this loss of individual credit has been taken up principally by the Commercial Banks. Banks provided the credit to finance 21 percent of the other new mortgages in the third quarter of last year and 24 percent in the current quarter. Loan companies have also become more popular as a source

1/ Taken from past quarterly land market reports.

TABLE 10. Proportion of cash purchases, cash and mortgage purchases, and purchases by contract and equity of buyers in purchased properties
North Central Region, third quarter, 1944

Area	Total transfers (Number)	Method of Financing			Buyer's equity	
		Cash sales	Cash and Mort- gage	Purchase con- tracts	In mort- gaged proper- ties 1/	In all proper- ties deeded
				Percent		
<u>CORN BELT AREAS</u>	291	64	35	1	39	75
Central Indiana-Ohio	137	48	52	0	44	69
Illinois-Indiana Cash Grain	27	81	19	0	20	93
Illinois-Iowa Livestock	43	79	21	0	56	89
Central & Northern Iowa	66	55	42	3	43	66
Western Iowa	18	67	33	0	18	65
<u>DAIRY AREAS</u>	315	60	40	0	44	72
Northeastern Ohio	101	58	42	0	44	73
Lake Michigan	145	59	41	0	41	70
East St. Louis	69	65	35	0	54	80
<u>CORN BELT FRINGE AREAS</u>	488	52	47	1	37	65
Toledo General Farming	139	57	43	0	43	74
Kankakee River	41	76	24	0	39	86
Lower Wabash River	77	48	52	0	28	57
Missouri Putnam Soils	66	45	55	0	38	69
Iowa-Missouri Pasture	35	46	54	0	42	61
Maryville-Greenfield Livestock	50	70	28	2	33	73
Southern Minnesota	38	34	66	0	40	53
LaCrosse-Dubuque Livestock	42	52	41	7	30	58
<u>GENERAL FARMING AREAS</u>	564	59	39	2	38	69
Southeastern Ohio	108	61	39	0	34	72
Southeastern Indiana	91	51	49	0	43	67
Southwestern Missouri Plains	124	60	40	0	35	68
Central Minnesota-Wisconsin	115	45	51	4	38	61
Red River Valley	38	82	18	0	32	81
Central & Western Michigan	88	63	35	2	45	74
<u>CUTOVER AND OZARK AREA</u>	126	68	31	1	48	80
Michigan Cutover	53	87	9	4	54	96
Missouri Ozark	73	62	38	0	46	75
<u>MISSOURI-ILLINOIS COTTON AREA</u>	9	33	67	0	30	49
 REGIONAL TOTAL	 1793	 59	 40	 1	 39	 70

1/ Includes purchase contracts.

TABLE 12. Relative extent of use of purchase money mortgages and sources of other new mortgage credit, third quarter 1944, North Central Region 1/

Area	Purchase money mortgages 2/	Other new mortgages by				
		Individ- uals	FLB, LBC & FSA	Insur- ance Co.	Com- mercial banks	Other
<hr/>						
<u>CORN BELT AREAS</u>	35	1	5	24	24	11
Central Indiana-Ohio	23	6	6	10	45	10
Illinois-Indiana Cash Grain	25	0	0	50	0	25
Illinois-Iowa Livestock	13	0	0	25	37	25
Central & Northern Iowa	52	0	4	18	26	0
Western Iowa	50	0	25	25	0	0
<u>DAIRY AREAS</u>	31	17	8	0	39	5
Northeastern Ohio	23	13	10	0	46	8
Lake Michigan	34	22	5	0	39	0
East St. Louis	32	5	16	0	31	16
<u>CORN BELT FRINGE AREAS</u>	38	18	12	5	22	5
Toledo General Farming	26	8	7	2	57	0
Kankakee River	43	14	0	14	15	14
Lower Wabash River	46	18	18	0	12	6
Missouri-Putnam Soils	30	31	3	3	24	9
Iowa-Missouri Pasture	36	7	14	7	14	22
Maryville-Greenfield Livestock	83	9	0	8	0	0
Southern Minnesota	27	36	14	5	18	0
LaCrosse-Dubuque Livestock	28	17	33	0	22	0
<u>GENERAL FARMING AREAS</u>	44	16	7	3	20	10
Southeastern Ohio	39	10	3	0	10	38
Southeastern Indiana	15	15	0	0	46	24
Southwestern Missouri Plains	23	16	7	0	33	21
Central Minnesota-Wisconsin	57	14	4	2	23	0
Red River Valley	67	0	17	16	0	0
Central & Western Michigan	22	37	7	0	30	4
<u>CUTOVER-OZARK AREA</u>	23	32	3	0	35	7
Michigan Cutover	0	50	0	0	50	0
Missouri Ozark	31	26	4	0	30	9
<u>MISSOURI-ILLINOIS COTTON AREA</u>	20	0	0	0	0	80
REGIONAL TOTAL	37	13	8	9	24	9

1/ Percentages of total number of new mortgages on tracts conveyed.

2/ Includes contracts.

of agricultural credit as is evidenced by the increase from providing credit for 4 percent of the new mortgages a year ago to 9 percent for the current quarter.

Mortgage debt per acre of financed purchases has reached a new peak of \$64 an acre in the Corn Belt areas while the Dairy areas have the lowest mortgage debt per acre on financed purchases yet recorded for those areas. (Table 13) The Corn Belt Fringe areas and the General Farming areas have a higher mortgage debt per acre on financed purchases than a year ago but smaller than last quarter.

TABLE 13. Per acre indebtedness of total purchases and mortgage financed purchases in the primary types of farming areas, by quarter - 1943-44. North Central Region

	Corn Belt Areas		Dairy Areas		Corn Belt Fringe Areas		General Farming Areas	
Year	All Pur.	Mtg. Fin.	All Pur.	Mtg. Fin.	All Pur.	Mtg. Fin.	All Pur.	Mtg. Fin.
	- Dollars -							
1943								
1st quar.	41	60	28	50	22	32	12	20
2nd "	42	59	27	53	19	34	11	20
3rd "	33	56	28	55	20	37	9	20
4th "	36	60	26	53	20	37	11	21
1944								
1st quar.	43	62	31	56	23	38	13	25
2nd "	39	61	29	51	23	41	12	26
3rd "	29	64	23	48	20	39	11	24

Five percent continues to be the most common interest rate for mortgage loans. (Table 14) There were no seven or eight percent mortgage loans this quarter. However, the proportion of six percent loans has risen from 12 percent in the first quarter of this year to 18 percent last quarter and 23 percent for the current quarter. There was a slightly higher proportion of mortgage loans carrying less than five percent interest than last quarter, but considerably fewer than in the first quarter of this year. 1/

1/ Sample counties used in the study of mortgage terms are Logan and Knox, Illinois; Adams, Knox, Porter, Newton, Noble, Grant and Tippecanoe, Indiana; Clarke, Fayette, Palo Alto and Story, Iowa; Medina, Seneca, Darke, Madison and Muskingum, Ohio; Monroe, Missouri; Lenawee, Michigan; and Cottonwood, Minnesota.

TABLE 14. Proportion of new farm land mortgages made at various interest rates, by type of lender, 21 sample counties third quarter, 1944, North Central Region

Type of Lender	Total cases (Number)	Percent of total loans of each type of lender by interest rates								
		2%	3%	3½%	4%	4½%	5%	6%	7%	8%
Individual	56	0	0	0	43	4	41	12	0	0
Commercial banks	61	0	0	2	13	8	46	31	0	0
Insurance companies	7	0	0	0	57	29	0	14	0	0
FLB and LBC	23	0	0	0	52	4	44	0	0	0
Others	33	0	33	0	0	0	24	43	0	0
TOTAL	180	0	6	1	27	5	38	23	0	0
Interest rate not given	66									
GRAND TOTAL	246									

There is very little change from last quarter in the proportion of mortgages running for the various lengths of time. Forty-seven percent of the new mortgages will mature within 5 years or less. (Table 15) This is an increase from 46 percent last quarter and 40 percent for the first quarter of this year.

TABLE 15. Proportion of new farm mortgages made for various lengths of time, by type of lender, 21 sample counties, third quarter, 1944, North Central Region

Type of Lender	Total cases (Number)	Length of Mortgage					
		1 year or less	2, 3, or 4 years	5 years	6, 7, 8, or 9, years	10 years	Over 10 years
Individuals	50	22	16	36	6	10	10
Commercial banks	68	9	11	41	10	19	10
Insurance companies	17	0	0	0	0	18	82
FLB and LBC	23	0	0	5	0	17	78
Other	14	7	7	7	0	0	79
TOTAL	172	10	9	28	6	15	32
Length of mortgage not given	74						
GRAND TOTAL	246						

Another increase has been scored in the proportion of fully amortized mortgage loans. Fifty-four percent of the new mortgages in the current quarter are fully amortized. (Table 16) Last quarter with 52 percent of the mortgages carrying plans for the complete amortization of the loan was the first quarter that more than half of the mortgages carried such a plan of repayment.

The proportion of partially amortized loans has dropped from 27 percent last quarter to 23 percent for the current quarter, while the proportion of unamortized loans has risen from 21 percent last quarter to 23 percent for the current quarter.

TABLE 16. Arrangements for repayment of principal included in new farm mortgages, by type of lender, 21 sample counties, third quarter 1944, North Central Region

Type of Lender	Total Cases (Number)	Percent of total mortgages		
		Fully Amortized	Partially Amortized	Not Amortized
Individuals	46	33	28	39
Commercial banks	82	38	30	32
Insurance companies	16	44	44	12
FLB and LBC	23	100	0	0
Other	33	94	6	0
TOTAL	200	54	23	23
Method of repayment not given	46			
GRAND TOTAL	246			

RESALES

Almost 10 percent - 9.4% - of the transfers in the second quarter of this year were resales of land held one year or less (Figure 3). This is the highest proportion of resales recorded for this region. The previous high quarters of resales were 8.3 percent in the third quarter of 1942 and 8.8 percent in the fourth quarter of last year. 1/

The profit on these quick resales has dropped from 15 percent in the first quarter of this year to 12.4 percent in the second quarter.

1/ See table 17 for counties used in the study of resales.

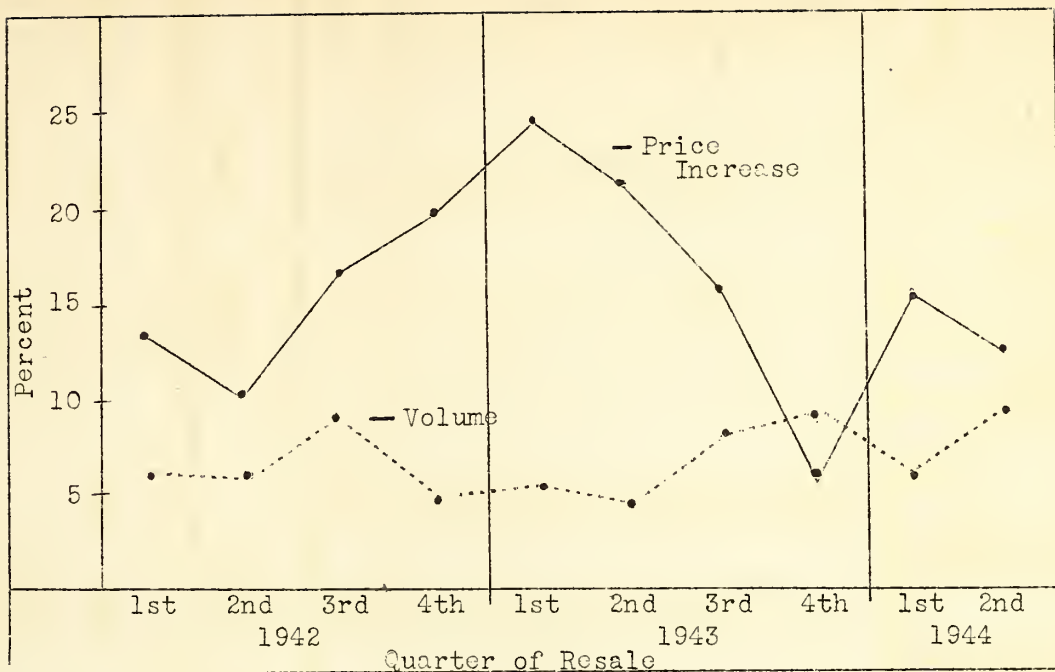


FIGURE 3. Percent of total quarterly sales resold within a year, and the average percent increase in price, by quarter of resale. 1/

Fourteen percent of the transfers in the second quarter were resales of land purchased within the preceding two years and almost 20 percent were resales of land purchased since December 31, 1940. (Table 17) With the current rising land market, the amount of profit from resale is directly related to the length of time the property is held and varies from 8 percent for land held not longer than six months to 37 percent for land held over two years and up to three and one-half years.

Land sold in the current quarter was in possession of the seller an average of 11 years, as compared to 12 years last quarter and 13 years the first quarter of this year. 2/

1/ Legal descriptions were compared for all farm land transfers in the sample counties to determine which tracts had changed hands more than once. Purchase and sale prices were used in determining the change in price or gross profit to the seller.

2/ Based on data from questionnaires returned by individuals selling land.

TABLE 17.

Number and percentage of second quarter 1944 sales purchased since December 31, 1940, and the percentage change in price by intervals. 1/

State and County	Number of trans- fers	Number of resales by months between Purchase and Resale				Ratio of Resales to all Sales	Sales of properties held more than 24 Months	All sales properties purchased after December 31, 1940
		Not over 6	Over 6, not over 12	Over 12, not over 18	Over 18, not over 24			
Knox, Illinois	23	1	0	0	0	1	4%	3
McHenry, Illinois	13	1	0	1	0	2	15	3
Fayette, Iowa	55	2	2	1	0	5	9	7
Cedar, Iowa	19	1	1	0	0	2	11	3
Audrain, Missouri	45	3	5	1	2	11	24	15
Putnam, Ohio	48	6	1	0	1	8	17	11
Rush, Indiana	14	1	0	1	1	3	21	4
Cottonwood, Minn.	22	1	1	0	0	2	9	2
Steele, Minnesota	29	0	0	0	0	0	-	2
Jennings, Indiana	51	4	2	1	3	10	19	12
Nodaway, Missouri	50	2	0	3	2	7	14	8
Harrison, Missouri	43	2	0	2	2	6	14	10
Crawford, Iowa	26	1	1	0	0	2	8	3
Pemiscot, Missouri	16	4	1	0	0	5	31	5
TOTAL	454	29	14	10	11	64	14.1%	88

Percentage change in price

+8.2%

+23.1%

+26.9%

+31.9%

+15.6%

+37.2%

+21.6%

First quarter 1944

1105

35

28

21

26

110

9.9

41

151

13.7

Percentage change in price

+11%

+20%

+31%

+31%

+21.7%

+42.1%

+28.3%

1/ It will be noted that the table is based on second quarter transfers.

OUTLOOK

There are indications that special significance may be attached to the fact that the volume of transfers for the past two quarters has been lower than for the corresponding period a year ago and that the rate of increase in the price of land this quarter was not as great as in any corresponding period since 1941.

This may indicate that buyer's optimism has been checked, at least temporarily.

The slowing down in volume of sales may be a reflection of the slowing down that has occurred in the rate of increase in farm incomes. It also may be a reflection of an anticipated early end of the war in Europe followed by generally expected lower prices.

On this basis we can expect that land prices will continue to rise but at about the same or a lower rate from now until the end of the war. Both volume of sales and land price increases may slump still further for a temporary period at the end of the war in Europe.

The greatest danger of a runaway boom in farm land has probably passed for the present and will not likely appear again until after the end of the war, assuming continued success at holding the line against general inflation. A combination of forces after the war could again give rise to the dangers of land price inflation.



APPENDIX

Major Land Value Areas and Sample Counties

Corn Belt Areas

Central Indiana-Ohio
Grant Co., Ind.
Rush Co., Ind.
Tippecanoe Co., Ind.
Darke Co., Ohio
Madison Co., Ohio

Illinois-Indiana Cash Grain
Logan Co., Ill.
Champaign Co., Ill.
Livingston Co., Ill.

Illinois-Iowa Livestock
Knox Co., Ill.
Ogle Co., Ill.
Cedar Co., Iowa

Central & Northern Iowa
Benton Co., Iowa
Cerro Gordo Co., Iowa
Palo Alto Co., Iowa
Story Co., Iowa

Western Iowa
Crawford Co., Iowa
Montgomery Co., Iowa

Dairy Areas

Northeastern Ohio
Medina Co., Ohio
Wayne Co., Ohio

Lake Michigan
Brown Co., Wis.
Jefferson Co., Wis.
McHenry Co., Ill.
Porter Co., Ind.
Van Buren Co., Mich.

East St. Louis
Clinton Co., Ill.
Macoupin Co., Ill.

Corn Belt Fringe

Toledo Gen. Farming
Adams Co., Ind.
Putnam Co., Ohio
Seneca Co., Ohio
Lenawee Co., Mich.

Kankakee River
Newton Co., Ind.
Noble Co., Ind.

Lower Wabash
Parke Co., Ind.
Knox Co., Ind.

Missouri-Putnam
Audrain Co., Mo.
Monroe Co., Mo.

Iowa-Missouri Pasture
*Clarke Co., Iowa
Harrison Co., Mo.

Maryville-Greenfield
Nodaway Co., Mo.
Adair Co., Iowa

Southern Minnesota
Cottonwood Co., Minn.
McLeod Co., Minn.
Steele Co., Minn.

LaCrosse-Dubuque
Fayette Co., Iowa
Lafayette Co., Wis.
*Winona Co., Minn.

General Farming Areas

Southeastern Ohio
Muskingum Co., Ohio
Pike Co., Ohio

Southeastern Indiana
Jennings Co., Ind.
Ripley Co., Ind.

Southwestern Mo. Plains
Johnson Co., Mo.
Lawrence Co., Mo.

Central Minn.-Wisconsin
Barron Co., Wis.
*Morris Co., Minn.

Red River Valley
Stevens Co., Minn.
Norman Co., Minn.

Central & Western Mich.
Livingston Co., Mich.
Gratiot Co., Mich.

Cutover Ozark Areas
Mich. Cutover
(Lower Peninsula)
Emmet Co., Mich.
Ogemaw Co., Mich.

Missouri Ozark
Laclede Co., Mo.

Cotton Area
Pemiscot Co., Mo.

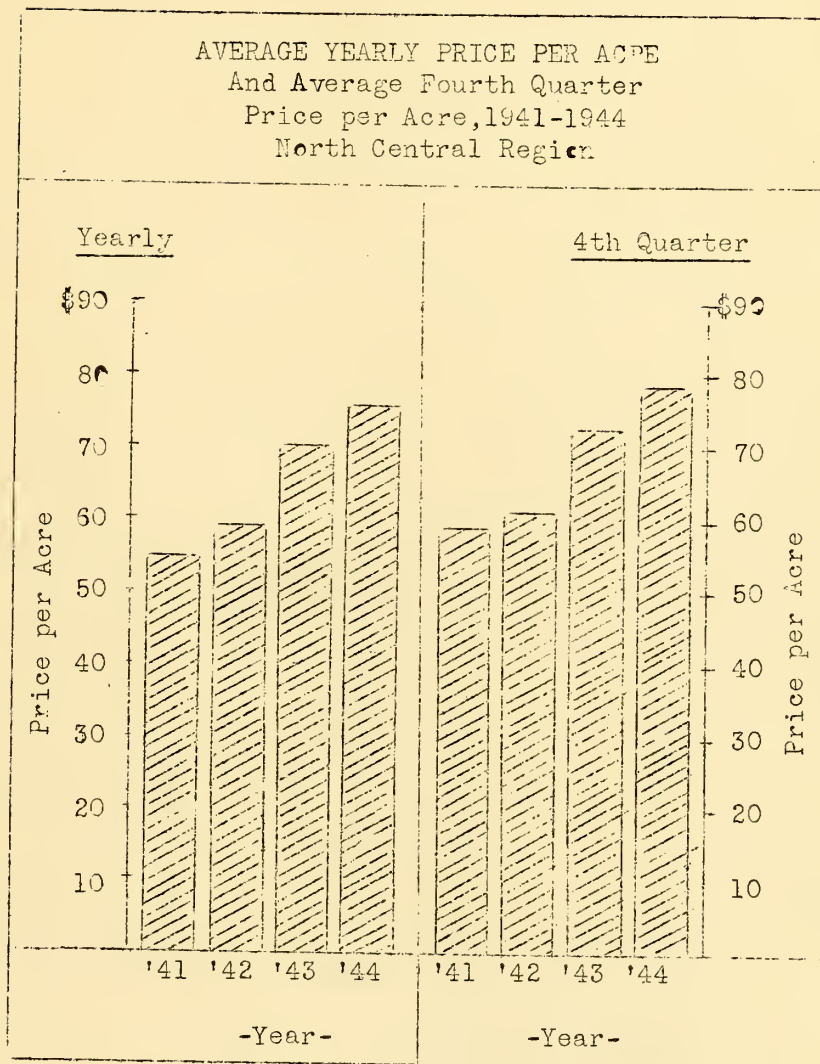
*Omitted this quarter



UNITED STATES DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS

WARTIME LAND MARKET SURVEY IN THE
NORTH CENTRAL REGION

Fourth Quarter 1944



By
Wilbur C. Scott
Agricultural Economist

Milwaukee, Wisconsin
February 1945



SUMMARY

VOLUME: The volume of transfers in the current quarter is 9 percent below the fourth quarter of last year. This is the third consecutive quarter that volume has been below the same period of a year earlier. However, total transfers for the year are larger than any year since the study began in 1941 because of the extremely large volume of sales in the first quarter of the current year.

PURCHASERS: Sixty-four percent of the tracts sold in the current quarter were purchased by farmers. This is the smallest proportion of farmer purchases since the third quarter of 1943. Tenants purchased 29 percent of all the tracts transferred. If reported intentions are carried out, sixteen percent of the tracts purchased in the current quarter will be operated by non-farmers.

SELLERS: Individuals continue to be the largest group of land sellers. Seventy-seven percent of the tracts transferred were sold by individuals. The proportion of tracts sold by landlords is somewhat higher this quarter than in previous quarters. Fifty-four percent of the owner-operators who sold land intend to continue farming; thirty-three percent will retire, and thirteen percent plan to enter some other occupation.

PRICES: Average current quarter land prices are 8 percent above the same period of last year, 28 percent above the fourth quarter of 1942 and 32 percent above the fourth quarter of 1941. The average price has increased from \$55 per acre in 1941 to \$76 per acre in 1944, an increase of 38 percent.

BUYER'S EQUITY: Fifty-six percent of the buyers paid cash for the land they bought. For the region as a whole, buyers who have financed their purchases have an average equity of 42 percent. Eighty-four percent of the tracts transferred in the Cotton Area carry a mortgage, and the buyers of these properties obtained an average equity of only 27 percent.

MORTGAGE FINANCING: Sellers continue to be the principal source of credit for financing new land purchases, but are of less importance than a year ago. Commercial banks are becoming more common as a source of mortgage credit. During the present quarter a higher proportion of bank loans were made than in any previous quarter. All of the primary types of farming areas of the region show a larger average debt per acre on total purchases as well as financed purchases than a year ago.

RESALES: Almost 13 percent of the third quarter transfers were resales of tracts held one year or less. These resales were made at an average of 28.3 percent above the purchase price. Land sold in the current quarter was retained in ownership of the seller an average of 13 years. However, thirty-four percent of these tracts were in the sellers possession not more than 5 years.

OUTLOOK: Three successive quarters of the current year have shown a lower volume of transfers than comparable quarters of the preceding year with sales made at continually increasing prices. Such a process can be expected to continue and may be accentuated.

WARTIME LAND MARKET SURVEY 1/

Fourth Quarter, 1944 2/

Introduction

Up until 1920 land had almost constantly appreciated in value and during World War I land was thought to be the most secure investment for accumulated purchasing power. Since 1920 we have learned that land values can go down as well as up. This fact has brought considerable thinking about "normal values" as a basis for determining the capitalized value of a farm. It is doubtful if more than a small fraction of all the persons who buy farms even now determine the maximum price through a capitalization procedure. Their desire for a particular farm and the possession of purchasing power are more apt to set their maximum.

The January 1, 1944 estimate places the total value of land in the United States at about $45\frac{1}{2}$ billion dollars and the outstanding mortgage debt at about 5.5 billion dollars. This is almost the exact value and debt that existed on January 1, 1917. 3/ Although at the present time total mortgage debt is being reduced whereas it was increasing up to 1917, it must be recognized that much of the current debt reduction is through the payment of long standing mortgages, at the same time new obligations are being assumed by present buyers. With the continuing high volume of transfers and a steady increase in the amount of new indebtedness being assumed it may be expected that the trend toward total debt reduction will soon be slowed down or even reversed.

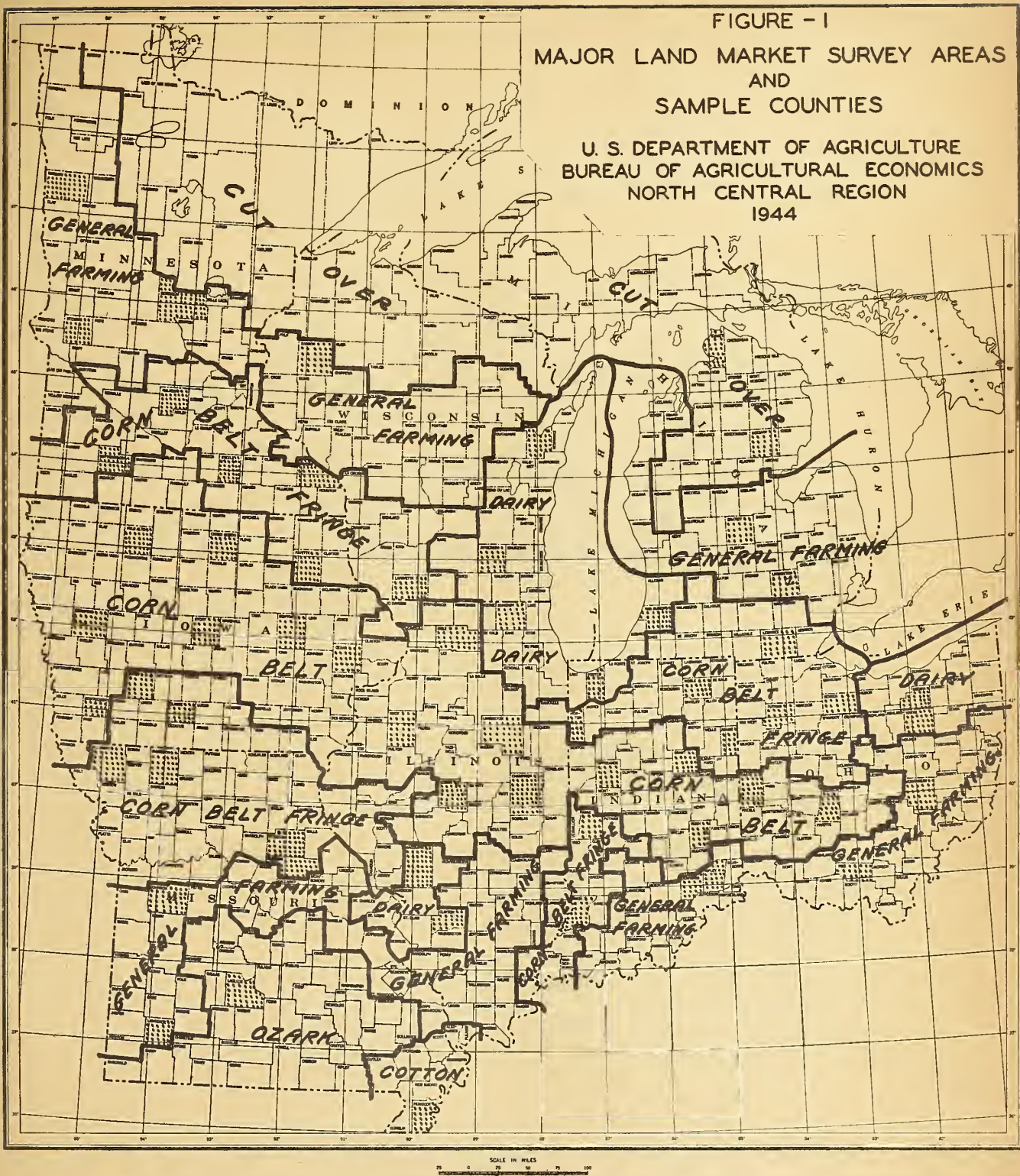
1/ Assistance in collecting and tabulating the data for this survey was provided by members of the Departments of Agricultural Economics in Illinois, Indiana, Iowa, Missouri, Minnesota, Michigan and Ohio, and by members of the B.A.E. staff.

2/ This report is the twelfth in a series presenting current information on farm real estate activity in selected counties in the North Central Region. The data include only voluntary sales and were obtained from deed and mortgage records in local county recorders' offices. The information on buyers and sellers was obtained primarily from mail questionnaires and was supplemented in some counties by information from local people. A list of sample counties is given in the Appendix.

3/ The Impact of the War on the Financial Structure of Agriculture.
BAE - Sept. 1944.

FIGURE - I
MAJOR LAND MARKET SURVEY AREAS
AND
SAMPLE COUNTIES

U. S. DEPARTMENT OF AGRICULTURE
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NORTH CENTRAL REGION
1944





As the price of land continues to increase, the next few years may prove to be the critical years for mortgage indebtedness in this war period. Approximately half of the purchases of farm land since the beginning of World War II have been financed by mortgage. There are undoubtedly some buyers in this group who have placed themselves in a dangerous financial position and face not only loss of equity but loss of their farm if farm income drops from the present level. Persons urged to buy land because of the sense of security and independence which the ownership of land seems to convey should carefully consider the dangers which accompany high mortgage indebtedness.

VOLUME

The current quarter shows a continuation of the decline in the volume of transfers over comparable quarters of last year which began in the second quarter. (Table 1).

TABLE 1. Average Number of Land Transfers
 per County

Year	Quarter			
	First	Second	Third	Fourth
1941	47	34	34	43
1942	47	30	24	32
1943	55	51	39	46
1944	77	47	34	42

There were 9 percent fewer farm land transfers in the present quarter than in the same period of last year. However, the volume of sales is still well above the fourth quarter of 1942.

The Cutover and Ozark Areas and the Cotton Area are the only areas showing an increase in the number of transfers over the fourth quarter of last year. The greatest decline in volume of transfers for this same period was experienced by the Corn Belt Fringe Areas (Table 2).

Although the volume of transfers since the second quarter of this year has been less than the same periods of last year, the volume of sales in 1944 was 4 percent greater than in 1943. This is accounted for by the extremely heavy volume of sales in the first quarter of the current year.

TABLE 2. Average Number of Farm Real Estate Sales per sample county
1941-1944 - North Central Region 1/

Area <u>2/</u>	No. of	Average				Fourth Quarter			
	sample	Quarterly Sales							
	Counties	<u>3/</u>				<u>3/</u>			
	for 1944	1941	1942	1943	1944	1941	1942	1943	1944
----- Number -----									
<u>CORN BELT AREAS</u>	17	32	24	34	33	30	17	22	18
Central Indiana-Ohio	5	33	31	51	40	32	30	50	33
Illinois-Indiana Cash Grain	3	25	24	27	21	29	19	15	14
Illinois-Iowa Livestock	3	35	25	29	32	31	16	20	19
Central and Northern Iowa	4	37	21	30	34	31	11	15	12
Western Iowa	2	21	20	37	35	24	9	13	16
<u>DAIRY AREAS</u>	9	54	38	52	53	55	35	57	53
Northeastern Ohio	2	48	44	58	69	48	42	53	54
Lake Michigan	5	60	41	54	51	60	38	64	56
East St. Louis	2	39	22	38	39	47	18	39	38
<u>CORN BELT FRINGE AREAS</u>	20	33	28	42	45	30	26	40	32
Toledo General Farming	4	39	37	55	54	26	39	49	39
Kankakee River	2	31	25	26	24	22	21	22	20
Lower Wabash River	2	20	24	45	49	19	29	60	40
Missouri Putnam Soils	2	43	33	49	55	48	28	61	42
Iowa-Missouri Pasture	2	45	33	51	47	51	34	38	31
Maryville-Greenfield Livestock	2	43	37	63	65	42	18	42	30
Southern Minnesota	3	20	16	25	35	19	16	29	32
LaCrosse-Dubuque Livestock	3	28	22	33	38	25	26	33	23
<u>GENERAL FARMING AREAS</u>	12	38	41	61	68	50	43	71	66
Southeastern Ohio	2	35	28	55	54	35	30	43	58
Southeastern Indiana	2	37	32	56	64	22	30	75	66
Southwestern Missouri Plains	2	57	43	83	81	65	54	83	68
Central Minnesota-Wisconsin	2	43	53	76	91	55	48	99	85
Red River Valley	2	20	20	24	28	31	27	37	41
Central and Western Michigan	2	48	48	58	66	64	56	65	56
<u>CUTOVER AND OZARK AREAS</u>	3	74	61	80	71	108	80	74	79
Michigan Cutover	2	31	25	31	33	32	24	36	35
Missouri Ozark	1	88	72	95	83	132	98	86	93
<u>MISSOURI-ILLINOIS COTTON AREA</u>	1	51	26	26	29	87	42	52	58
REGIONAL AVERAGE (Total)	62	39	33	48	50	43	32	46	42

1/ Deeds dated and recorded within the same quarter for 1942. The 1943 and 1944 numbers include in addition deeds dated in the preceding month but recorded in each quarter. The names of sample counties are given in the Appendix.

2/ Areas and sub-areas are given weights in averages according to the amount of land in farms. Regional and area figures will be changed somewhat from previous reports due to the addition of new areas.

3/ Based on 33 sample counties. The number of transfers for areas in which 1941 data were not available was calculated on the basis of the 1941-1942 ratio in areas for which data were available. This ratio was applied to the 1942 figures in those areas for which 1941 data were not available.

PURCHASES

Sixty-four percent of the tracts sold in the current quarter have been purchased by farmers (Table 3). This is only a slight drop from 65 percent last quarter but it is still the smallest proportion of farmer purchases since the third quarter of 1943. However, a somewhat higher proportion of these farmer buyers will operate their newly acquired land than in any quarter of the past two years.

TABLE 3. Distribution of Farm Land Purchases by Occupation and Intent of Purchaser

Year	Farmers		Non-Farmers	
	: To lease :		: To lease :	
	: To operate	: to others	: To operate	: to others
	Percent			
1943				
1st Quarter	60	7	8	25
2nd Quarter	54	7	10	29
3rd Quarter	48	7	11	34
4th Quarter	62	10	10	18
1944				
1st Quarter	66	8	11	15
2nd Quarter	61	7	11	21
3rd Quarter	57	8	14	21
4th Quarter	58	6	16	20

The proportion of purchases by tenants in the current year have varied from 32 percent of all transfers in the first quarter, 44 percent in the second quarter, 22 percent in the third quarter and 29 percent in the present quarter.

The proportion of non-farmer buyers who have indicated intent to operate their new land purchases has increased almost constantly since the first quarter of 1943. Sixteen percent of the tracts purchased in the current quarter will be operated by non-farmers if intentions are carried out.

Purchases by farmers were heaviest in the Cotton Area and Corn Belt Fringe Areas where farmers purchased at least 70 percent of the land sold. (Table 4). Non-farmer purchases were heaviest in the Cutover and Ozark Areas where almost 3/5 of the tracts were purchased by non-farmers. In the Dairy Areas non-farmers bought 40 percent of all the tracts sold. These two areas also have the heaviest concentration of non-farmer buyers with intentions to operate.

TABLE 4. Farmers and non-farmers buying farms and their intentions to operate or lease to others, fourth quarter 1944, North Central Region

Area	: Total	Farmers		Non-farmers	
	: Transfers	: To	: To lease	: To	: To lease
	: Classified:	: operate:	: to others:	: operate:	: to others
	(Number)	Percent			
<u>CORN BELT AREAS</u>	210	58	7	10	25
Central Indiana-Ohio	114	60	5	10	25
Illinois-Indiana Cash Grain	18	50	6	11	33
Illinois-Iowa Livestock	25	48	12	16	24
Central and Northern Iowa	25	64	8	8	20
Western Iowa	28	61	3	4	32
<u>DAIRY AREAS</u>	167	53	7	27	13
Northeastern Ohio	37	46	3	24	27
Lake Michigan	92	52	5	33	10
East St. Louis	38	66	16	10	8
<u>CORN BELT FRINGE AREAS</u>	318	64	6	9	21
Toledo General Farming	61	46	12	16	26
Kankakee River	28	71	4	7	18
Lower Wabash River	37	54	11	19	16
Missouri Putnam Soils	52	62	4	15	19
Iowa-Missouri Pasture	31	74	3	7	16
Maryville-Greenfield Livestock	28	82	4	3	11
Southern Minnesota	49	59	6	4	31
LaCrosse-Dubuque Livestock	32	68	7	7	18
<u>GENERAL FARMING AREAS</u>	386	57	5	20	18
Southeastern Ohio	71	45	3	20	32
Southeastern Indiana	93	53	5	23	19
Southwestern Missouri Plains	52	52	6	25	17
Central Minnesota-Wisconsin	102	72	4	16	8
Red River Valley	24	50	13	8	29
Central and Western Michigan	44	50	2	32	16
<u>CUTOVER AND OZARK AREAS</u>	58	40	1	41	18
Michigan Cutover	17	35	0	53	12
Missouri Ozark	41	41	2	37	20
<u>MISSOURI-ILLINOIS COTTON AREA</u>	48	56	17	2	25
<u>REGIONAL TOTAL</u>	1187	58	6	16	20

SELLERS

Individuals continue to be the largest group of land sellers. In the current quarter a higher proportion of tracts have been sold by individuals than in any previous quarter (Table 5). Seventy-seven percent of the tracts transferred were sold by individuals as compared to 69 percent in the fourth quarter of 1942 and 70 percent in the fourth quarter of last year. The quarter of closest comparison is the first quarter of the present year when 76 percent of the tracts were sold by individuals.

Sales by individuals were heaviest in the Cutover and Ozark Areas and in the Dairy Areas while they were lightest in the Cotton Area.

The proportion of sales by landlords is somewhat higher this quarter than in previous quarters. For the first time sales by landlords have been heaviest in the Corn Belt Areas with one-third of the sales being made by this group.

Sales by corporations and governments show a decline from 11 percent last quarter to 9 percent for the current quarter which is considerably below any previous quarter.

The proportion of sales by owner operators is the same as a year ago as well as the first quarter of this year but slightly above the second and third quarters of the present year.

Fifty-four percent of the owner operators who sold land in the current quarter intend to continue farming (Table 6). This is the same proportion as a year ago but higher than the 51 percent indicating such intentions in the second and third quarter of this year. Thirteen percent plan to go into another occupation as compared to 9 percent last quarter and a year ago.

TABLE 6. Intention of Owner-Operators who recently sold land, sample counties, fourth quarter, 1944. North Central Region.

Area	Total transfers classified: (Number)	Intent of owner-operators after selling land			
		Continue: to Farm: Occupations: Percent	Other Forces	In Armed: Retire	
Corn Belt Areas	51	55	16	0	29
Dairy Areas	68	41	9	0	50
Corn Belt Fring Areas	81	54	11	0	35
General Farming Areas	134	57	13	0	30
Cutover and Ozark Areas	26	46	19	0	35
Cotton Area	11	82	18	0	0
REGION	371	54	13	0	33

TABLE 5. Types of Owners selling farms, fourth quarter, 1944
North Central Region

Area	: transfers (Number)	Type of Seller				
		: Owner : operator	: Land- lord	: Unol- sified individ- uals	: Estates and Govt.	: Corpor- ations
				Percent		
<u>CORN BELT AREAS</u>	342	12	33	27	18	10
Central Indiana-Ohio	163	24	42	14	18	2
Illinois-Indiana Cash Grain	43	5	33	37	16	9
Illinois-Iowa Livestock	58	16	26	34	24	0
Central and Northern Iowa	46	11	26	33	13	17
Western Iowa	32	3	47	0	31	19
<u>DAIRY AREAS</u>	461	16	22	50	10	2
Northeastern Ohio	107	16	10	63	10	1
Lake Michigan	278	17	24	50	7	2
East St. Louis	76	13	28	34	21	4
<u>CORN BELT FRINGE AREAS</u>	638	15	22	38	16	9
Toledo General Farming	155	12	18	50	15	5
Kankakee River	40	35	18	20	20	7
Lower Wabash River	80	12	17	43	25	3
Missouri Putnam Soils	84	18	38	21	10	13
Iowa-Missouri Pasture	61	15	26	39	17	3
Maryville-Greenfield Livestock	60	10	12	42	13	23
Southern Minnesota	95	16	24	34	19	7
LeCrosse-Dubuque Livestock	63	10	29	41	9	11
<u>GENERAL FARMING AREAS</u>	713	18	26	33	13	10
Southeastern Ohio	115	22	34	29	14	1
Southeastern Indiana	132	33	26	23	16	2
Southwestern Missouri Plains	135	13	25	47	8	7
Central-Minnesota-Wisconsin	170	18	27	23	15	17
Red River Valley	49	20	25	27	12	16
Central and Western Michigan	112	14	18	55	11	2
<u>CUTOVER AND OZARK AREAS</u>	163	17	28	46	2	7
Michigan Cutover	70	17	14	64	3	2
Missouri Ozark	93	17	33	40	2	8
<u>MISSOURI-ILLINOIS COTTON AREA</u>	58	19	31	3	0	47
<u>REGIONAL TOTAL</u>	2375	15	27	35	14	9

PRICES

Continued rising prices pushed the average regional sale price of land transferred in the fourth quarter of 1944 to \$78 per acre and established a new high for the region (Table 7).

TABLE 7. Average Price Per Acre

Year	Quarter			
	First	Second	Third	Fourth
	----- Dollars -----			
1941	53	54	55	59
1942	60	58	61	61
1943	68	68	73	72
1944	76	73	77	78

The average per acre sale price of land sold in the current quarter is 8 percent higher than the same period last year (Table 8). The present price also represents a 28 percent increase over the fourth quarter of 1942, a 32 percent increase over the fourth quarter of 1941, and a 1 percent increase over last quarter.

The greatest increase - 41 percent - over the fourth quarter of last year occurred in the Illinois-Indiana Cash Grain Area, the area of highest average land prices. The Cotton Area was the only major type of farming area which shows a decline in average price since a year ago. In spite of this the greatest increase since the fourth quarter of 1941 has also been in the Cotton Area where average current quarter prices are 76 percent above the same period of 1941.

The average yearly advance in land prices since 1941 has been slightly more than 1 percent a month. The average price has increased from \$55 per acre in 1941 to \$76 per acre in 1944, an increase of 38 percent. The greatest increase occurred from 1942 to 1943 when the average price rose from \$59 per acre to \$70 per acre, an increase of 19 percent.

The increase in the 1944 average price over the 1941 average price varied from 67 percent in the Cotton Area to 36 percent in the Corn Belt Areas.

Figure 2 shows the relationship of current land prices to land prices in preceding years. The average purchase price of land bought from 1912 through 1931 was higher than the current quarter average selling price. On the other hand land purchased in the period of 1937 through 1941 and sold in the current quarter brought an average of 51 percent more than its original purchase price.

TABLE 8.

Average per acre price of farm real estate changing
ownership in sample counties, by areas, 1941-1944
North Central Region 1/

Area	Yearly Average				Fourth Quarter				Pct. change
	2/ 1941	1942	1943	1944	2/ 1941	1942	1943	1944	4th quarter
									'44 over 4th quarter '43
	Dollars								(Percent)
<u>CORN BELT AREAS</u>	90	97	112	122	99	98	112	126	+13
Central Indiana-Ohio	82	87	99	114	82	89	102	122	+20
Illinois-Indiana Cash Grain	125	141	148	164	134	151	128	180	+41
Illinois-Iowa Livestock	84	93	109	116	97	92	104	130	+25
Central and Northern Iowa	86	92	113	118	101	88	122	108	-11
Western Iowa	68	68	78	89	65	70	82	97	+18
<u>DAIRY AREAS</u>	66	70	86	94	63	73	94	97	+ 3
Northeastern Ohio	69	78	91	101	73	81	101	111	+10
Lake Michigan	69	72	92	98	65	77	103	100	- 3
East St. Louis	53	52	59	68	45	48	54	68	+26
<u>CORN BELT FRINGE AREAS</u>	49	52	62	68	54	54	63	66	+ 5
Toledo General Farming	66	73	86	95	69	69	83	89	+ 7
Kankakee River	57	58	69	67	58	70	62	79	+27
Lower Wabash River	38	44	56	61	47	44	64	53	-17
Missouri Putnam Soils	23	24	29	30	24	26	29	30	+ 3
Iowa-Missouri Pasture	29	33	35	49	34	37	45	44	- 2
Maryville-Greenfield Livestock	55	53	59	63	62	56	62	62	0
Southern Minnesota	56	60	79	81	65	64	74	77	+ 4
LaCrosse-Dubuque Livestock	49	50	54	63	52	44	59	64	+ 8
<u>GENERAL FARMING AREAS</u>	27	30	35	39	27	33	37	42	+14
Southeastern Ohio	24	28	27	34	25	28	29	34	+17
Southeastern Indiana	24	23	33	35	15	23	35	41	+17
Southwestern Missouri Plains	28	26	35	38	33	27	39	48	+23
Central Minnesota-Wisconsin	18	22	27	31	17	26	28	36	+29
Red River Valley	22	25	28	32	20	24	31	33	+ 6
Central and Western Michigan	49	55	63	66	51	63	63	66	+ 5
<u>CUTOVER-OZARK AREAS</u>	14	15	18	20	16	16	18	21	+17
Michigan Cutover	16	18	21	24	19	20	22	26	+18
Missouri Ozark	14	14	17	19	15	15	17	19	+12
<u>MISSOURI-ILLINOIS COTTON AREA</u>	78	93	139	130	86	101	154	151	- 2
REGIONAL AVERAGE	55	59	70	76	59	61	72	78	+ 8

1/ Prices are from recorded farm real estate transfers in sample counties and are the averages for the transfers for which adequate information concerning price and acreage was available. Only bona fide sales were included. 1941 and 1942 prices represent transfers dated and recorded within the year, whereas 1943 and 1944 prices generally represent only those transfers for which buyer or seller reported the date of the agreement for sale to be within the quarter or the preceding month.

2/ Based on 33 sample counties. Land prices in areas for which 1941 data were not available were calculated on the basis of the 1941-42 ratio in areas for which data were available. This ratio was applied to the 1942 figures in those areas for which 1941 data were not available.

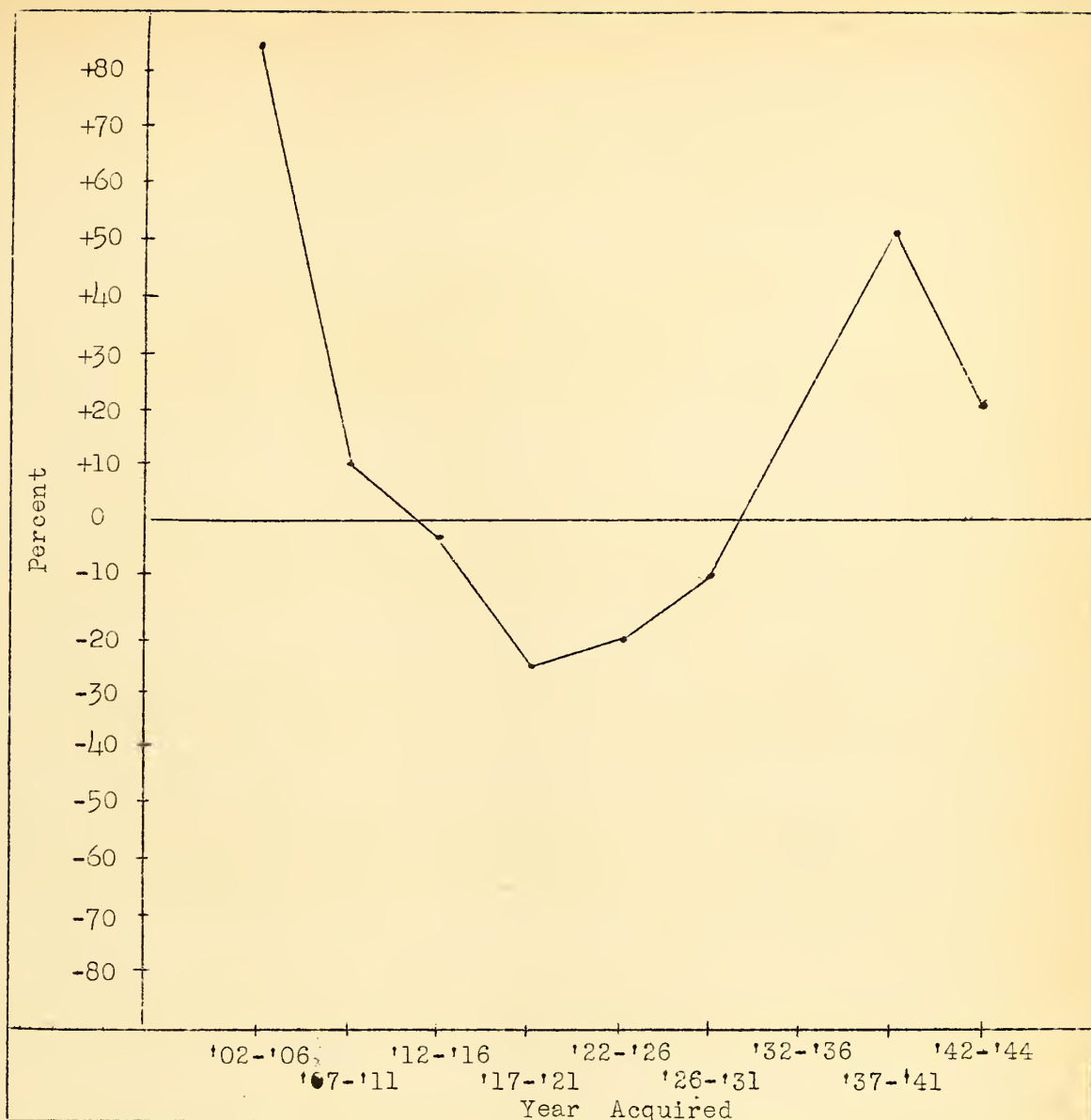


FIGURE 2. The average percentage change in the price of land sold during the fourth quarter of 1944 from the price at which the land was acquired. 1/

1/ Based on data from questionnaires returned by 268 individuals selling land.

BUYER'S EQUITY

Forty-four percent of the tracts transferred in the current quarter are encumbered by mortgage or purchase contract (Table 9). This represents an increase from last quarter but is lower than the same period of last year.

TABLE 9. Proportion of tracts financed by mortgage or contract - North Central Region 1/

Year	Quarter			
	First	Second	Third	Fourth
	Percent			
1942	63	65	52	53
1943	60	52	48	48
1944	53	46	41	44

Only 1 percent of the transfers in the current quarter have been financed by contract (Table 10). This proportion has not varied since the fourth quarter of last year.

The heaviest concentration of cash sales occurred in the Cutover and Ozark Areas. The Cotton Area is the only area with a lower proportion of cash sales than a year ago.

For the region as a whole buyers who have financed their purchases have an average equity of 42 percent compared to 39 percent last quarter and a year ago. Buyer's equity in all properties transferred has dropped from 70 percent last quarter and is only slightly above the fourth quarter of last year.

Eighty-four percent of the tracts transferred in the Cotton Area carry a mortgage and the buyers of these properties obtained an average equity of only 27 percent.

The greatest equity in mortgaged financed purchases as well as all properties transferred appears in the area of highest average land prices - the Illinois-Indiana Cash Grain Area.

1/ Taken from past quarterly land market reports.

TABLE 10. Proportion of cash purchases, cash and mortgage purchases, and purchases by contract and equity of buyers in purchased properties
North Central Region, fourth quarter, 1944

Area	: Total : : Transfers : (Number)	: Method of Financing :			: Buyer's equity :	
		: Cash : : Cash : : Transfers :	: and Mort- : : Mort- : : sales :	: Purchase : : con- : : gage : : tracts :	: In mort- : : gaged : : proper- : : ties 1/ :	: In all : : proper- : : ties : : dedeed :
				Percent		
<u>CORN BELT AREAS</u>	342	53	46	1	45	70
Central Indiana-Ohio	163	39	61	0	45	62
Illinois-Indiana Cash Grain	43	72	28	0	60	87
Illinois-Iowa Livestock	53	57	43	0	52	76
Central & Northern Iowa	46	57	43	0	35	68
Western Iowa	32	28	66	6	40	49
<u>DAIRY AREAS</u>	461	62	38	0	41	70
Northeastern Ohio	107	50	50	0	44	67
Lake Michigan	278	64	36	0	40	68
East St. Louis	76	71	29	0	40	80
<u>CORN BELT FRINGE AREAS</u>	638	53	46	1	39	65
Toledo General Farming	155	54	46	0	36	69
Kankakee River	40	52	48	0	51	71
Lower Wabash River	80	63	37	0	49	77
Missouri Putnam Soils	84	46	54	0	41	62
Iowa-Missouri Pasture	61	62	38	0	40	73
Maryville-Greenfield Livestock	60	63	34	3	37	64
Southern Minnesota	95	37	63	0	41	55
La Crosse-Dubuque Livestock	63	56	41	3	31	59
<u>GENERAL FARMING AREAS</u>	713	61	38	1	42	69
Southeastern Ohio	115	63	37	0	33	65
Southeastern Indiana	132	54	46	0	44	68
Southwestern Missouri Plains	135	53	47	0	41	69
Central Minnesota-Wisconsin	170	60	38	2	43	67
Red River Valley	49	73	25	2	42	75
Central & Western Michigan	112	59	41	0	46	71
<u>CUTOVER AND OZARK AREAS</u>	163	66	33	1	41	71
Michigan Cutover	70	79	17	4	37	83
Missouri Ozark	93	62	38	0	42	67
<u>MISSOURI-ILLINOIS COTTON AREA</u>	58	16	84	0	27	31
REGIONAL TOTAL	2375	56	43	1	42	68

1/ Includes purchase contracts.

TABLE 11. Relative extent of use of purchase money mortgages and sources of other new mortgage credit, fourth quarter 1944, North Central Region 1/

Area	:Purchase : : money : :mortgages:		Other new mortgages by			
	: <u>2/</u> :	: Indiv- : : uals :	: FLB, : : LBC : : & FSA :	: Insur- : : ance : : Co. :	: Com- : : mercial : : banks :	: Other :
	Percentages					
<u>CORN BELT AREAS</u>	25	10	10	19	33	3
Central Indiana-Ohio	22	13	2	6	43	14
Illinois-Indiana Cash Grain	25	0	13	37	25	0
Illinois-Iowa Livestock	11	11	6	22	50	0
Central & Northern Iowa	31	15	8	15	31	0
Western Iowa	33	6	28	17	11	5
<u>DAIRY AREAS</u>	33	23	6	2	33	3
Northeastern Ohio	24	15	4	4	48	5
Lake Michigan	37	33	4	1	23	2
East St. Louis	29	0	18	0	47	6
<u>CORN BELT FRINGE AREAS</u>	36	18	11	5	26	4
Toledo General Farming	21	15	3	4	51	6
Kankakee River	29	18	6	6	29	12
Lower Wabash River	26	17	9	0	44	4
Missouri-Putnam Soils	38	34	6	0	22	0
Iowa-Missouri Pasture	31	6	25	0	25	13
Maryville-Greenfield Livestock	71	14	5	5	5	0
Southern Minnesota	30	34	8	9	19	0
LaCrosse-Dubuque Livestock	44	12	20	8	16	0
<u>GENERAL FARMING AREAS</u>	36	20	7	0	22	15
Southeastern Ohio	25	15	5	0	16	39
Southeastern Indiana	14	18	2	0	54	12
Southwestern Missouri Plains	31	11	17	0	37	4
Central Minnesota-Wisconsin	41	19	4	0	29	7
Red River Valley	43	14	14	0	0	29
Central & Western Michigan	35	38	5	0	19	3
<u>CUTOVER AND OZARK AREAS</u>	28	24	6	0	39	3
Michigan Cutover	38	8	15	0	39	0
Missouri Ozark	25	29	3	0	39	4
<u>MISSOURI-ILLINOIS COTTON AREA</u>	58	2	4	5	4	27
<u>REGIONAL TOTAL</u>	32	17	9	7	28	7

1/ Percentages of total number of new mortgages on tracts conveyed.

2/ Includes contracts.

MORTGAGE FINANCING

Sellers continue to be the principal source of credit for financing new land purchases but of less importance than a year ago. Thirty-two percent of the mortgaged purchases in the current quarter were financed by purchase money mortgages (Table 11) as compared to 41 percent in the fourth quarter of last year.

Commercial banks are becoming more common as a source of mortgage credit. The present quarter shows a higher proportion of bank loans than any previous quarter. A year ago banks provided credit for 26 percent of the financed purchases, 24 percent last quarter and 28 percent this quarter. For the first time bank credit has exceeded purchase money mortgages in the Corn Belt Areas.

The proportion of loans by insurance companies has not changed appreciably but it is significant to note that the majority of their loans are located in the better farming areas.

Loans by individuals and the Federal Land Banks and Farm Security Administration have not changed significantly in the past year but the proportion of loans by other agencies is more than double the fourth quarter of last year.

The mortgage debt per acre on financed purchases has reached a new peak in the Corn Belt Areas and in the Dairy Areas (Table 12). All of the primary types of farming areas of the region show a larger average debt per acre on total purchases as well as financed purchases than a year ago.

TABLE 12. Per acre indebtedness of total purchases and mortgage financed purchases in the primary types of farming areas, by quarter - 1943-44. North Central Region

	:Corn Belt areas :		Dairy areas :		:Corn Belt Fringe areas :		:Gen. Farming areas :		
: Year	:All Pur.:	Mtg.Fin:	:All Pur.:	Mtg.Fin:	:All Pur.:	Mtg.Fin:	:All Pur.:	Mtg.Fin:	:
	- - - - - Dollars - - - - -								:
: 1943									:
: 1st Quarter	41	60	28	50	22	32	12	20	:
: 2nd Quarter	42	59	27	53	19	34	11	20	:
: 3rd Quarter	33	56	28	55	20	37	9	20	:
: 4th Quarter	36	60	26	53	20	37	11	21	:
:									:
: 1944									:
: 1st Quarter	43	62	31	56	23	38	13	25	:
: 2nd Quarter	39	61	29	51	23	41	12	26	:
: 3rd Quarter	29	64	23	48	20	39	11	24	:
: 4th Quarter	39	65	28	59	22	39	12	25	:
:									:

Forty-three percent of the loans made on mortgages in the current quarter bear five percent interest. (Table 13). Twenty-three percent have an interest charge of 4 percent and 22 percent of the loans carry an interest rate

of 6 percent. A somewhat smaller proportion of loans have less than 5 percent interest than last quarter. ^{1/}

TABLE 13. Proportion of new farm land mortgages made at various interest rates, by type of lender, 22 sample counties, fourth quarter, 1944, North Central Region.

Type of Lender	Percent of total loans of each type of lender by interest rates									
	Total	2%	3%	3½%	4%	4½%	5%	6%	7%	8%
	(Number)	cases								
Individual	90	0	5	0	22	7	46	20	0	0
Commercial banks	94	0	0	0	16	5	50	29	0	0
Insurance companies	13	0	0	0	85	15	0	0	0	0
FLB and LBC	10	0	0	0	80	0	20	0	0	0
Others	37	0	8	0	11	0	48	30	3	0
TOTAL	244	0	3	0	23	5	43	22	4	0
Interest rate not given	72									
GRAND TOTAL	316									

Fifty-seven percent of the mortgages on current quarter purchases will come due within five years or less (Table 14). Eighty-five percent of those buyers who gave mortgages will have not more than ten years to pay them off. This is about double the proportion reported in previous quarters of this year.

TABLE 14. Proportion of new farm mortgages made for various lengths of time, by type of lender, 22 sample counties, fourth quarter, 1944, North Central Region.

Type of Lender	Length of Mortgage						
	Total	1 year or less	2, 3, 4 years	5 years	6, 7, 8 years	9 years	Over 10 years
	(Number)	cases					
Individuals	81	15	11	41	14	17	2
Commercial banks	86	14	5	46	8	19	8
Insurance companies	19	0	0	0	11	26	63
FLB and LBC	8	0	0	0	0	0	100
Other	16	13	0	50	6	13	18
TOTAL	210	12	6	39	10	18	15
Length of Mortgage not given	106						
GRAND TOTAL	316						

^{1/} Sample counties used in the study of mortgage terms are Logan and Knox, Illinois; Adams, Knox, Porter, Newton, Noble, Grant and Tippecanoe, Indiana; Clarke, Fayette, Palo Alto and Story, Iowa; Medina, Seneca, Darke, Madison and Muskingum, Ohio; Monroe, Missouri; Lenawee and Gratiot, Michigan; and Cottonwood, Minnesota.

Only 38 percent of mortgages on current quarter sales carry plans for full amortization of the debt. (Table 15). This is a sharp drop from more than half in the two preceding quarters. However, there has been a considerable increase in the proportion of partially amortized loans but not great enough to prevent an increase in the percent of loans carrying no plan of amortization.

TABLE 15. Arrangements for repayment of principal included in new farm mortgages, by type of lender, 22 sample counties, fourth quarter, 1944, North Central Region

Type of Lender	Total Cases (Number)	Percent of total mortgages		
		Fully Amortized	Partially Amortized	Not Amortized
Individuals	76	21	38	41
Commercial banks	106	33	39	28
Insurance companies	21	29	57	14
FLB and LBC	10	100	0	0
Other	39	74	21	5
TOTAL	252	38	36	26
Method of repayment not given	64			
GRAND TOTAL	316			

RESALES

The third quarter of the current year is the first time resales of land held one year or less have accounted for more than 10 percent of the total quarterly sales (Figure 3). Almost 13 percent of the third quarter transfers were resales of tracts held one year or less.^{1/}

^{1/} See Table 16 for counties used in the study of Resales.

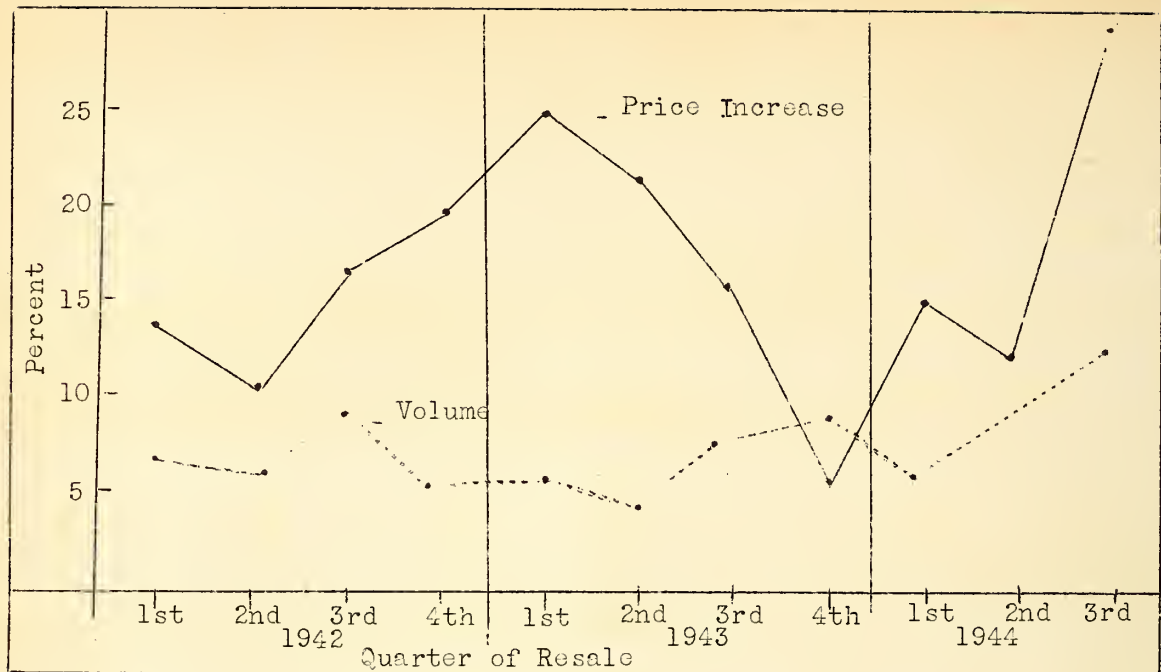


FIGURE 3. Percent of total quarterly sales resold within a year, and the average percent increase in price, by quarter of resale. ^{2/}

The profit which usually prompts such resales also rose to a new high. Persons making these quick resales received an average of 28.3 percent more than they originally paid for the land.

Seventeen percent of the transfers in the third quarter were resales of land purchased within the preceding two years (Table 16). Tracts resold in the last quarter within six months of the purchase date show a profit of 42½ percent. Slightly over 1/5 of the tracts sold in the third quarter of the present year were purchased since January 1, 1941.

Land sold in the current quarter was retained in ownership of the seller an average of 13 years ^{3/}. This compares with 12 years for land sold in the fourth quarter of last year and 11 years for land sold last quarter. However, thirty-four percent of the tracts sold in the current quarter were in the sellers possession not more than 5 years.

^{2/} Legal descriptions were compared for all farm land transfers in the sample counties to determine which tracts had changed hands more than once. Purchase and sale prices were used in determining the change in price or gross profit to the seller.

^{3/} Based on data from 461 questionnaires returned by individuals selling land.

TABLE 16. Number and percentage of third quarter 1944 sales purchased since December 31, 1940, and the percentage change in price by intervals. 1/

State and County	Number of resales by months between Purchase and Resale						Ratio of Resales to all Sales	Sales of properties held more than 24 Months		All sales properties purchased after December 31, 1940	Ratio to all sales	
	Number of transfers	Not over 6 Months		Over 6, not over 12 Months		Over 12, not over 18 Months		TOTAL	Months			
		Months	over 6 Months	Months	over 12 Months	Months						over 18 Months
Knox, Illinois	26	2	0	0	0	2	4	15%	3	7	27%	
McHenry, Illinois	18	1	0	0	2	0	3	17	0	3	17	
Fayette, Iowa	22	0	1	0	0	1	2	9	0	2	9	
Cedar, Iowa	9	1	0	0	0	0	1	11	0	1	11	
Audrain, Missouri	37	1	6	0	0	3	10	27	1	11	30	
Putnam, Ohio	36	3	1	1	1	0	5	14	0	5	14	
Kush, Indiana	18	1	0	0	0	0	1	6	2	3	17	
Cottonwood, Minn.	12	0	0	0	0	0	0	0	0	0	0	
Steele, Minnesota	7	1	0	0	0	0	1	14	0	1	14	
Jennings, Indiana	47	6	8	2	2	1	17	36	2	19	40	
Nodaway, Missouri	25	2	1	1	1	0	4	16	1	5	20	
Harrison, Missouri	35	3	1	0	0	0	4	11	0	4	11	
Crawford, Iowa	10	0	0	1	1	0	1	10	0	1	10	
Pemiscot, Missouri	9	0	1	0	0	0	1	11	1	2	22	
TOTAL	311	21	19	7	7	7	54	17.4%	10	64	20.6%	
Percentage change in price		+42.5%	+13.1%	+28.5%	+26.0%	+28.0%			+48.5%	+30.6%		
Second Quarter 1944												
TOTAL	454	29	14	10	11	64	14.1%		24	88	19.4%	
Percentage change in price		+8.2%	+23.4%	+26.9%	+31.9%	+15.6%			+37.2%	+21.6%		

1/ It will be noted that the table is based on third quarter transfers.

OUTLOOK

Three successive quarters of the current year have shown a lower volume of transfers than comparable quarters of the preceding year with sales made at continually increasing prices. Such a process can be expected to continue and may be accentuated. The number of unwilling owners has been reduced and almost 2/3 of all the tracts transferred in this region in the past two years have been purchased by farmers. The principal purpose of these buyers is the owner-operatorship of land. The recent increase in the proportion of non-farmer buyers with intentions to operate seems to aim at post-war security. It will be difficult to persuade either of these groups of buyers to sell their land except at substantially higher prices than they paid.

The reduction in the number of unwilling owners plus the apparent reduction in the number of speculative buyers seems to point to a continued lower volume of transfers. The fact that most of the land is now in strong hands plus the fact that farm incomes are apt to continue at or near their present level for at least another year would indicate that land prices will be maintained at their present levels or go somewhat higher during the next few months. A continuation of the purchase of land by non-farmers for security reasons may tend to increase land prices, particularly in the lower priced areas.

The percent of equity in financed purchases seems to be maintaining itself fairly well. However, with prices continuing to advance a higher dollar debt per acre is resulting. It may be possible to maintain the present percentage equity but it appears almost inevitable that the average dollar debt per acre on new financed purchases will increase.

APPENDIX

Major Land Value Areas and Sample Counties

Corn Belt Areas

Central Indiana-Ohio

Grant Co., Ind.
Rush Co., Ind.
Tippecanoe Co., Ind.
Darke Co., Ohio
Madison Co., Ohio

Illinois-Indiana Cash Grain

Logan Co., Ill.
Champaign Co., Ill.
Livingston Co., Ill.

Illinois-Iowa Livestock

Knox Co., Ill.
Ogle Co., Ill.
Cedar Co., Iowa

Central & Northern Iowa

Benton Co., Iowa
Cerro Gordo Co., Iowa
Palo Alto Co., Iowa
Story Co., Iowa

Western Iowa

Crawford Co., Iowa
Montgomery Co., Iowa

Dairy Areas

Northeastern Ohio

Medina Co., Ohio
Wayne Co., Ohio

Lake Michigan

Brown Co., Wis.
Jefferson Co., Wis.
McHenry Co., Ill.
Porter Co., Ind.
Van Buren Co., Mich.

East St. Louis

Clinton Co., Ill.
Macoupin Co., Ill.

Corn Belt Fringe

Toledo Gen. Farming

Adams Co., Ind.
Putnam Co., Ohio
Seneca Co., Ohio
Lenawee Co., Mich.

Kankakee River

Newton Co., Ind.
Noble Co., Ind.

Lower Wabash

Parke Co., Ind.
Knox Co., Ind.

Missouri-Putnam

Audrain Co., Mo.
Monroe Co., Mo.

Iowa-Missouri Pasture

Clarke Co., Iowa
Harrison Co., Mo.

Maryville-Greenfield

Nodaway Co., Mo.
Adair Co., Iowa

Southern Minnesota

Cottonwood Co., Minn.
McLeod Co., Minn.
Steele Co., Minn.

LaCrosse-Dubuque

Fayette Co., Iowa
Lafayette Co., Wis.
Winona Co., Minn.

General Farming Areas

Southeastern Ohio

Muskingum Co., Ohio
Pike Co., Ohio

Southeastern Indiana

Jennings Co., Ind.
Ripley Co., Ind.

Southwestern Mo. Plains

Johnson Co., Mo.
Lawrence Co., Mo.

Central Minn.-Wisconsin

Barron Co., Wis.
Morrison Co., Minn.

Red River Valley

*Stevens Co., Minn.
Norman Co., Minn.

Central & Western Mich.

Livingston Co., Mich.
Gratiot Co., Mich.

Cutover Ozark Areas

Mich. Cutover
(Lower Peninsula)
Emmet Co., Mich.
Ogemaw Co., Mich.

Missouri Ozark

Laclede Co., Mo.

Cotton Area

Pemiscot Co., Mo.

*Omitted this quarter

